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THE
BUSINESS WEEK

A JOURNAL OF BUSINESS NEWS AND INTERPRETATION

FOR THE WEEK ENDING JANUARY 11, 1930

WHAT'S IN THIS ISSUE— AND WHY

• IT will happen a long way from American business centers, Americans will be only onlookers and business men, as such, won't sit in its final blaze of glory; but it may be 1930's most important event for business. What The Hague Conference to end the war, eleven years after the Armistice, means to business everywhere is obviously the most important news of the business week.

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AFTER the subsidy comes the monopoly. That's the historical order. Now our merchant marine, newly subsidized against foreign competition, is demanding protection against further American competition and the Government is wondering whether it was ordered to get out of the shipping business or to get business out of its relations with shipping. Merchant marine plans are held up pending the decision. Ocean shipping developments are likely to make big news this year—that is why we are giving them so much attention.

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WHILE the wholesaler has been battling to keep his head above the whirlpool, somebody has been stealing his clothes. Manufacturers and retailers have joined to strip him of nearly all that once kept him warm and comfortable. But he may reappear dressed as a manufacturer—or as a retailer—or perhaps grow big enough to get his own back. The whole subject comes in for comprehensive discussion.

• THE Zollverein, 19th century customs league of independent German states, was succeeded by the German Empire. If the League of Nations plan for a European tariff armistice matures, will history repeat itself on a continental scale? Perhaps Briand's United States of Europe isn't that near yet, but we are interested anyway because a tariff truce that improves European business conditions will benefit our trade with Europe.

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WHAT do those long, snake-like natural gas pipelines now spreading eastward and northward from the Southwest portend? Industry sees a new hope in an old fuel, if old errors in its use can be avoided. Coal producers see the advance of a dangerous invader of their markets.

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THE 1930 bond market was to rise phoenix-like out of the ashes of the 1929 stock market: that was the story that went the rounds of Wall Street last October. Subsequent events haven't yet proved it a myth but, if there's a phoenix, it isn't the soaring bird that some optimists expected. There's a good reason why the bulls of the bond market are cautious.

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CHEMICAL industry has fooled the prophets before, may again this year. Their predictions can't keep up with its changes —nor can the economic forces that depress other industries. "Chemical Industry in 1930" is another in THE BUSINESS WEEK'S series of reviews that are getting to the root of business conditions at the start of 1930.

Business Outlook

Continued Cloudy and Cold

THOUGH the country was as fundamentally sound as usual around the turn of the year, business was a good deal more slack than usual. Generally it is now merely marking time to keep its feet warm, and the records of basic industrial activity and trade now more clearly suggest comparison with 1924 than with 1927. While trade sentiment is good and the output of optimism continues high, it is too early as yet to see much concrete evidence of improvement. The next two or three weeks must pass before it will be possible to gauge the period and strength of revival. Money, banking and security market conditions are still doubtful. Steel activity has not yet picked up; little increase in building can be expected for several months; and, before setting its production schedules, the automobile industry is waiting the results of the automobile shows to determine the degree of public auto-intoxication that may be counted on this year. But the incoming records of December retail trade are surprising and reassuring as regards general buying power, as is the strength of general price levels.

The theatre of significant events for American business has shifted now to Europe. The Naval Conference at London, the final financial liquidation of the war at The Hague, the renewed movement toward a tariff truce at Geneva may have a profound influence for better or worse on world business for years to come.

The Hague Conference— The Key to 1930

MOST of the threads that the war left hanging loose in European international finance are expected to be gathered together and finally tied up at the Second Hague Conference now going on.

The effort to settle these questions began, after more than six years of delay following the war, with the establishment of the Dawes Plan in 1924. After five years under this plan, during which German economic stability was gradually improved but not wholly assured, the Young Committee met last year to try to bring about a final liquidation of the international financial problems of the war. The Young Plan reduced the German reparations burden, made it more elastic and opened the way to final withdrawal of foreign troops from German territory.

At the first Hague Conference in August, 1929, the general provisions of the Plan were accepted by the governments, after some concessions were made to Great Britain, and it was left to various committees to work out the final details, including particularly the organization of the international bank, which was the important feature of the Young Plan.

These committees now bring the results of their labor to the Second Hague Conference to be finally passed upon by the representatives of the allied governments and Germany, after which they are to be ratified by the governments themselves. It is not expected that any serious difficulties will arise to delay further putting the Young Plan into operation this year. Preliminary negotiations between the larger powers have ironed out the major differences that might arise.

Aside from details of schedule and machinery of payment, the main questions to be considered are those relating to reparations claims and counter claims upon each other of Austria, Bulgaria, Hungary, Czechoslovakia, Jugoslavia, Roumania and Greece, which were not covered in the Young Plan. It is likely that the larger powers will force agreement on these questions, or at least ar-

range to put the Young Plan into operation among themselves if the small ones fail to agree. The relation of the United States to the Young Plan and particularly to the international bank will give rise to some discussion—but nothing more—because of the arrangement we have made for direct payment of war claims and occupation army costs by Germany to the United States, ignoring the international bank.

One feature of the treaty lately made between the United States and Germany covering these payments is of broader significance in relation to the final acceptance and operation of the Young Plan. Our agreement with Germany is based solely upon Germany's good faith. It neither recognizes nor provides for any other means of making Germany pay. Some of the powers at The Hague want to write into the Young Plan guarantees or "sanctions" against Germany's failure to pay them, in the form of permission to re-occupy German territory or to rattle the sabre in one way or another in Germany's face.

America's willingness to depend solely upon Germany's pledge to do the best she can may have great influence upon the other powers at The Hague and encourage them to leave out of the Young Plan anything that would make possible the future revival of war psychology or hamper the final liquidation of the war situation in Europe. It is doubtful anyway whether American bankers would undertake to float reparations bonds which involve any kind of military threat as security. American investors do not like securities of that kind.

The outcome will probably be a frank acceptance of the Young Plan as marking the real end of the war, eleven years after its close, and a disposition to take it as the best settlement that can be made for the benefit of everybody concerned, and resting on the good faith of all.

This final settlement may be the most important event for world business in 1930. The collapse of the American stock market has providentially prepared the way for it by easing credit conditions in all countries and thus making it possible this year to float in world money markets part of the reparations bond issue upon which the success of the Young Plan depends. It will make for greater confidence in European financial stability and stimulate a business revival in Europe which will be most helpful to American trade during the coming year. If to this can be added a successful outcome of the Naval Conference, the achievements of the year in the international field may go far to offset the difficulties that face business at home.

Can the Farm Board Digest the Farm Banks?

BILLS introduced by Senator Brookhart of Iowa and Representative Dickerson, chairman of the House Agricultural Committee, would transfer to the Federal Farm Board the powers and prerogatives of the Federal Farm Loan Board. Since the financing of farm operations with loans is an objective of both establishments, it is contended that there should be mutuality of operations.

The Federal Farm Loan Board is now nearly fifteen years old. It has jurisdiction over the Federal Land Banks, the Joint Stock Land Banks, and the Intermediate Credit Banks. The 12 Federal Land Banks are now owned almost wholly by patrons, only about $300,000 worth of stock in them being in the hands of the Government. The 50 Joint Stock Land Banks are owned privately. Both kinds of banks make long term loans only on farm property. Together they have outstanding on mortgages nearly $2,000,000,000.

The Intermediate Credit Banks, authorized by law in 1923, finance livestock and crops, and have lent since the beginning about $1,000,000,000, having outstanding now more than $100,000,000. Many of their present loans are to cooperatives on commodities for which the Federal Farm Board has advanced or authorized additional loans. Intermediate credit funds now cost borrowers about 5% at present and are advanced in the extent of 60% to 65% of the sales worth of underlying commodities security.

To confusion as to distinctions between these three classes of banks may now be added confusion resulting from mutualizing the Federal Government relation to them with the operations of the Farm Board. The Farm Board has nothing to do with farm mortgage credit, with which the land banks deal alone.

When it gets around to the pending proposals, Congress is likely to give most serious consideration to that of transferring supervision of the Intermediate Credit Banks to the Federal Farm Board, as many of the financing operations of these banks run along with those under the Agricultural Marketing Act.

Yet with the transfer curious anomalies and difficulties might arise. For example, the Farm Board would be supervising immediate credit loans at usually higher initial rates of interest than charged for loans, often on the same products, out of its revolving fund—though the security bases of the credit loans, partaking of first loans, would be much more solid than those of revolving fund, or second, loans.

And the 500,000 farmers in the 4,670 local National Farm Loan Associations with $64,573,115 stock interest in the Federal Land Banks may not want their land mortgage credit affairs merged with the ramifying operations of the Farm Board.

British Business Faces A Higher Tax Hurdle

AT A TIME when American commerce and industry are being aided by a tax reduction, British business, which ever since the war has been struggling under a much higher tax rate than in the United States, faces the prospect of a still greater levy. Philip Snowden, Chancellor of the Exchequer, indicates that his April budget will call for increases, probably in the income rates. The British government already takes about four shillings out of each pound; it is expected that Snowden will want the rate raised to five or even six shillings. Present proportion of indirect to direct taxation is about 33 to 67.

Protests from business groups will have little effect upon the government. Snowden's proposal may bring on a parliamentary crisis, assuming that the weakening Labor government remains in power. But even though another government is formed, the tax increases probably will go through.

The Labor government is committed to a broad program of social expenditures. Helpful to the country, they will cost money. Many British business men consider the proposed expenditures unproductive, and an unwarranted diversion of funds needed for industrial development. During the last thirty years the cost of the national government's social service plans has tremendously increased. In 1900 they cost four shillings per capita; now £8 12s. Actual cost in 1900 was £22,000,000; in 1929, about £366,000,000.

Revenues of the government are decreasing. Budget estimates for the current year are unlikely to be realized, because of business depression. Stamp duties are less than the high reached during the 1928 stock boom, and customs and excise taxes are lower. A deficit, though probably small, appears probable.

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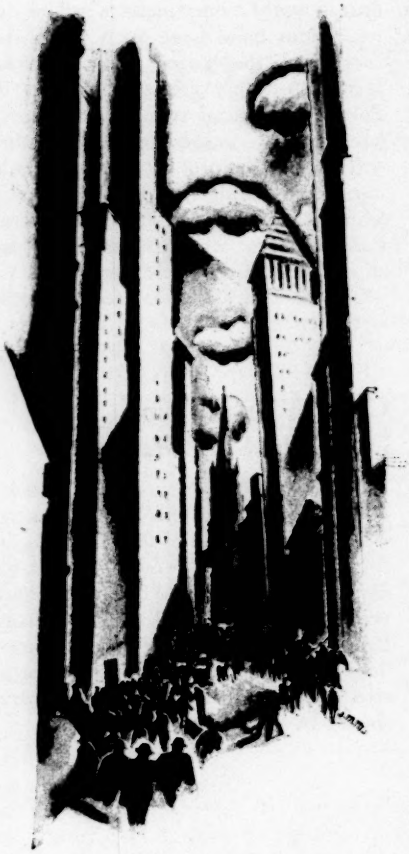
A New Gate To the Far East

TUCKED away in a United States consular report from Manchuria a week ago was a bit of news, the importance of which is not yet generally recognized.

"With economical warehousing facilities, freedom from tax complications, and assured stability, Dairen promises to develop into a distribution center comparable to Hong Kong."



Dairen is Japan's seaport for the South Manchuria Railway, is on Chinese leased territory, boasts a population of 222,400, has jumped ahead in recent years to rank as China's second port and the center of the world's soy bean business (THE BUSINESS WEEK January 8). Since Tsingtao's lapse into comparative obscurity in 1922, Dairen has become a sort of Paris of North China; and now the Hong Kong of Manchuria.

Unofficial shipping figures from Dairen, as published in that city's Japanese newspaper, reflect the increased activity of the port. Soy beans, principal export, destined for Chinese ports and for Europe, trebled in volume the exports of 1928.

Dairen's total annual trade in most recent available trade figures was $140,000,000. Statistics for 1929, when published, will show striking increases; analyzed, may point significant new buying trends of Manchuria's 25 millions.

Mid-West Bears Lowest Burden

THE burden on property from municipal taxes in the United States shows little tendency to grow either lighter or heavier at the present time. The average per $1,000 of property in 235 leading cities was $24.03 in 1929, as compared with $24.07 in 1928. This is the most comprehensive finding of the Detroit Bureau of Government Research in a tax study just completed. The figure applies only to city taxation, does not cover state and other geographical divisions for which the rates continue to increase. Federal taxation is decreasing, but here there is no property tax. The property tax is the chief reliance of all other taxing units.

The tax "burden" includes both tax rate and assessed valuation, with adjustments to put all cities on a comparative basis. Comparisons of tax rates alone mean nothing due to extremely wide variations in assessment methods. Cities assess property for taxation at from 33% to 100% of its market value.

Cities on the Pacific coast and in the East bear heavier tax burdens than those in the South and Middle West, judged by 12 representative units in each area. Those in the Far West lead with $26.41; New England is second at $25.89 and Eastern cities third at $25.00. The South and Middle West are markedly lower, the Southern cities having $21.28 per $1,000 and the Middle Western units $21.22. This variation has been assigned to no definite cause.

Smaller cities have a definitely higher tax burden than larger ones. Economies of operation possible in the larger units cannot be effected in smaller ones. Likewise, the cost of government does not increase in direct ratio to the number governed.

The fourteen American cities with population of 500,000 or more showed the lowest burden of taxation on property—$22.50 per thousand. Ten cities of 300,000 to 500,000 inhabitants averaged $23.55, and 47 cities between 100,000 and 300,000 worked out to $23.37. For 69 cities from 50,000 to 100,000 the average was $23.98, and for 80 cities of 30,000 to 50,000 it rose to $24.36.

About one-third of the population of the country is included in the cities accounted for by these figures.

American and Canadian Business in Tandem

IF there is really a business cycle, so far as the United States and Canada are concerned it seems to be a cycle built for two. The course of Canadian business during the past year has closely followed that of this country. The Canadian border does not seem to have been impervious to boom, bull market, panic or business recession. As in the case of the United States, the business year in Canada will go down in history as the most prosperous in the experience of the Dominion, notwithstanding the reaction during the last half.

The first part of 1929 was a period of record industrial expansion in Canada as it was in the United States. This was stimulated by four successive bumper crops of Canadian wheat harvested from 1924–1928, the 1928 crop being particularly large. With large crops to transport, there was an enormous demand for railway equipment. After practically stopping for fourteen years, the railroads even began to construct branch lines to serve new territory. There has been exceptional activity in prospecting mineral bearing regions, in building of paper and pulp mills and development of water power.

Like the United States, 1929 in Canada was an automobile year. Production increased about 54% during the first 11 months and reached its all-time peak during the year. Related industries were also stimulated. Imports of crude rubber increased 18% and of crude petroleum 13%. Pig iron production gained 8% and steel 14%. Exports of copper from Canadian mines were more than 33% higher than the preceding year and nickel production showed an increase of over 12%.

The general figures for the first 11 months show a volume of business averaging 8.6% higher than the same period of 1928. Bank debits increased 8.2% and industrial employment was 6.6% greater than in the preceding year.

The only marked divergence in the 1929 record for Canada from that for the United States was in building construction. Canada seems to have had something of a building boom last year. Contracts awarded were 20% higher than in 1928 and building permits 8% greater.

The peak of Canadian business appears to have been reached slightly earlier than in the United States. Decline began in June. The Canadian stock market seems to have run in close gear with the American, reaching its low point about November 13, with a rally early in December and a secondary reaction toward the end of the year. Employment and general business activity declined in November to about the same extent as in the United States. Railroad traffic and earnings fell off in the last months of the year, as they did among the agricultural roads in the United States, because of the slackened movement of grain to market and the reduction of export demand. Because the wheat crop is so much more important a factor in Canadian business, the tie-up of the crop by the wheat pool had a much more serious effect upon business activity than did the operations of the Farm Board upon business conditions in the rural sections of the United States.

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Propaganda Or Not, It's Interesting

CAUSE of much misunderstanding is the lack of familiarity, on the part of most Americans, with things Russian. Reiterated by nearly every American business man who has had dealings with the Soviet: "We in America need more knowledge and less talk about Russia."

Bridging this gap for the insular Americans are the productions of Russia's Amkino, Soviet movie trust.

Indicative of business interest is the wide appeal for showings of "The Soviet Union At Work." Chambers of Commerce, university extension departments, and colleges are showing it. So effective the photography, many of the educational films, as the recent picture of the building of the Turkestan-Siberian railway in Central Asia, are released as regular features.

As wide awake to internationalization is Russia. Amkino has just purchased in New York, Russia's first talkie apparatus soon to be set up in Moscow. Tractors, automobiles, clocks, even razors, will sooner be demanded by—not urged upon —Russia's millions if seen in use.

J. M. Mitchell

International ► Europe to Talk Tariff Truce While We Listen

THE League of Nations will probably make another effort this year to establish a formal or informal tariff armistice among, at least, some of the larger European countries. The Council of the League, when it meets January 13, will decide whether to call a conference for this purpose during 1930. It seems likely that such a conference will be held, perhaps early in the year, possibly late in February. It depends upon the replies which the League has received from the nations in answer to its inquiry on whether they are prepared to attend such a conference—and probably also upon what happens to the American tariff in the meantime.

This effort began at the meeting of the League in 1927 and of the International Chamber of Commerce the same year. As the result of these early discussions, European countries arrived at something like an informal understanding that they would try to avoid raising tariffs too fast. Optimistic observers believe that during 1928 this understanding was influential in retarding tariff increases; but since then its moral effect seems to have weakened somewhat.

Last September, when Mr. Briand laid his cornerstone of the United States of Europe at the League assembly meeting, he deposited with it a proposal to call another conference to consider the question of a tariff holiday. The League's Economic Committee drew up a plan for such a truce, and all nations, members of the League or not, were asked to say before last November 30 whether they would care to come together during 1930 to talk it over. By January 3 thirty-two states had replied and twenty-five said they were willing. These include all the states of Europe except Albania, Lithuania, Portugal and Soviet Russia, and also one non-European nation, Cuba. Brazil will send an observer, as well as Canada and, of course, the United States. The five states refusing are British Dominions—Australia, South Africa, Egypt, India and New Zealand.

The proposed truce would last two or three years, during which the countries joining in it would agree not to raise tariffs among themselves and to negotiate further treaties designed to lower duties and facilitate freer trade with each other.

If this effort succeeds it will help Briand's plan for a European federation which is to be considered at another League meeting in September.

By the time the conference is called the nature of American tariff revision will probably be settled. If it is moderate it may encourage the European countries to refrain from further tariff-wall construction for a while, and although the United States will not be included in any agreement they make among themselves, such an agreement is likely to benefit American trade in some degree by improving European business conditions. This, along with the final settlement of the financial problems of the war at the Hague Conference, will contribute to European stability.

Agriculture ► Stock Northwest Farms on Credit

WORK of the Agricultural Credit Corporation during 1929 resulted in putting 70,099 more sheep on northwest farms, and 6,500 more cattle, the annual report of the corporation, made public in Minneapolis, reveals.

Up to December 10, the corporation had loaned a total of $1,425,479 during 1929 direct to 2,778 farmers on their notes. This amount was $155,000 more than in 1928. It represents a slightly smaller number of sheep distributed but more cattle. The animals were disposed of in six states, including Montana on the west and Michigan on the east.

Since it started work in 1924, the corporation has aided 12,060 farmers to obtain 323,000 sheep and 26,517 cattle, at a total cost of $5,844,000. Of this amount $3,358,000 has been repaid, $1,046,000 of it during 1929.

P. & A. Photo

THE RED MAN TAKES TO THE AIR

Five Seminole Indian chieftains, persuaded to make peace with the government after firing on the blimp "Defender" when it flew over their village near Miami, Florida, are rewarded with a ride in the balloon

P. & A. Photo

GIVING AWAY $6,000,000

When the Bankers Trust Company of New York, as executor of the will of Conrad Hubert, was instructed to select "three prominent men" to distribute the flashlight inventor's huge legacy to charity, it picked Calvin Coolidge, Alfred E. Smith and Julius Rosenwald—and expects no arguments

Agricultural ► **Pigs Is Futures on New Commodity Market**

HISTORY'S first futures market for a live commodity will be that in hogs soon to be started by the Chicago Livestock Exchange, organization of 470 commission men belonging to some 75 firms at the Chicago union stockyards.

With packers buying direct and co-operatives selling direct, livestock middlemen are seeking to hold their ground by rendering a needed new service. They believe that a hog futures market means more orderly marketing of animals, less violent price fluctuations. Panicky farmers will be less likely to flood markets with under-weight, half-fat animals.

As to whether it will really work, there are differences of opinion. Many are skeptical. "Some one has to furnish the money to keep a futures market going," remarked a packer's representative. "I can't conceive of packers doing it. Their financial burdens are heavy enough already, without adding to them by paying interest charges so that farmers can sell hogs while they are still pigs."

To this is replied, "Capital needed will not be large. Much will come from outside speculators—money not now available for stabilizing livestock markets. The benefit from stabilization will more than outweigh the relatively small charges of operating the market. Packers for 25 years have been crying for some way to stabilize hog runs. Some of them are enthusiastic about the new project."

Unit of trading on the new exchange will be the carload, 16,000 pounds, 80 animals of 200-pound size. Three weights will be recognized: lights, 170-210 pounds; mediums, 220-260, heavies, 260-325. Each weight will be traded in separately. The exchange will provide inspection to insure that animals in a given car are similar in type and quality, and that no animal varies more than 10% either way from the average weight of the car. Grades will be four; premium, standard, good, no grade, the last being undeliverable. Trading will be in the standard grade only. Per cents of premiums and discounts for the other two deliverable grades will be posted daily, based on spot market premiums and discounts. Instead of having five delivery months as on the Board of Trade, the hog futures market will recognize every month as delivery month. Live hogs cannot be kept in storage.

Distribution ► **Fix What Is Due On Instalment**

A RECENT Arizona court decision is important to lawyers and to instalment sales companies because, curiously enough, it is apparently the first judicial determination of what is due at a given time on an instalment sale. According to the decision, the amount due is the total of unpaid instalments the payment dates of which have passed. The court fortified its decision with numerous references to others ancient and modern as well as to legal principles. One was to the case that Shakespeare built up for Shylock against Antonio.

Retailing ► **McCrory Control Passes to Bankers**

J. G. McCRORY has sold his controlling stock of McCrory Stores Corporation to a banking group headed by Merrill, Lynch & Co. and Kissel, Kinnicutt & Co. At the time of the sale announcement was made that "while profits from store operations for 1929 cannot yet be definitely determined, it is estimated that they will be the largest in the history of the company."

In certain quarters the announcement of the transfer of this block of stock is taken as a public notice of a candidacy for a merger. McCrory has a chain of some 250 outlets classified as "five and ten cent" stores although they do a low-priced general department store business under a broad charter. Gross profits in 1928 were $41,105,324. Dividends on the new common stock increased from 40 cents in 1924 and 1925 to $2 in 1928. It was estimated in October, 1929, that earnings for the year would be from $5 to $5.25 per share compared with $4.61 per share earned in 1928.

P. & A. Photo

NEW ENVOY

Senator Frederick M. Sackett of Kentucky has been chosen by President Hoover to be Ambassador to Germany, but Senate leaders want the actual appointment to be delayed until after the passage of the tariff bill

Research ► **More Study in More Markets**

THE Department of Commerce is making preparations for the 1930 issue of its annual report, first issued in 1926, of the subjects studied by various agencies engaged in market research. These reports provide a convenient reference list of research subjects published during the year, and a partial list of projects upon which later reports are expected.

The number of research agencies reporting to the department has increased from 362 in 1926 to 655 in 1928, and it is expected that the forthcoming report will list an even greater number. Replies to the department's questionnaire indicate that the interest of American business men in collecting distribution statistics is constantly increasing.

Shipping ► **Subsidy Appetite Balks Merchant Marine Plans**

PLANS for shipping expansion and stimulation of shipbuilding are still being held up by bitter conflicts of interest in shipping circles, and by delay in clarifying government policy toward mail subsidies. The Postoffice Department has had to hold up the advertising for bids on the thirteen new mail routes which it recently proposed, calling for building within the next five years twenty-nine new vessels costing $160,000,000 (see THE BUSINESS WEEK, Dec. 11, 18, 1929).

The latest obstacle is the protest of the United States Lines against the Postmaster General's plan to inaugurate a new mail service between Baltimore and Hamburg, which the Roosevelt Steamship Company is planning to undertake. The United States Lines, which paid $16,000,000 for the *Leviathan* and ten other Shipping Board vessels for service in the North Atlantic, feel that they should be protected against competition from a new American line in this field. Competition with the foreign lines in the North Atlantic, they say, is bad enough without subsidizing more American competition.

The United States Lines still have a lot of unsettled scores with the Shipping Board and the Postoffice. They are not yet sure of getting the mail contracts which they expected when they took over the Shipping Board's vessels. They are uncertain whether they want to take any more of the Shipping Board's boats for which they have already bid, until they are sure of getting mail subsidies by which to operate them. Nor are they sure that they will want to carry out their construction program for two new passenger ships on the *Leviathan* scale, which the Government expects them to build, unless they have appropriate mail contracts in their pockets. They say they plan to provide Baltimore-to-Hamburg service in the course of time if all of their other hopes are realized, and that the Government should not hand this route over to a competing company without giving the United States Lines a chance to show what they can do.

Relations between the government and the United States Lines are becoming increasingly strained. One issue involved is as to whether there are to be any limits upon government subsidy of shipping. The other is that of group control or monopoly versus decentralization. In its plans for expanding the merchant marine the Government is face

International Newsreel Photo

RARA AVIS

This man—William Danforth, of Brookline, Mass.—is said to have made money, amounting to millions, in the recent stock market crash. Yes, he is spending the winter in Florida

to face with the familiar fact that there is no end to the demand and need for subsidies once that policy is started, and that, if a business cannot stand on its own feet, it must ultimately be carried completely by the government. So far the theory of "limited and reasonable aid" seems to have been a failure here as it is everywhere.

But even larger subsidies are apparently not enough. The United States Lines want to set up a monopoly of American service in the North Atlantic. They say, in effect, the only way American ships can be successfully operated in this field against foreign competitors —among whom combinations are growing stronger—is by eliminating American competition. The Shipping Board and the Postoffice are interested, however, in more equitable distribution of shipping interests among the various American companies and the various ports, and Congress, representing the local interests, agrees with them.

This situation is creating renewed pressure for changes in merchant marine legislation during the present session of Congress, and it is expected that congressional committees will take up the question soon after the recess. If the subsidy policy is to be successful in expanding the American merchant marine, it will apparently be necessary to abandon the safeguards in the present legislation which provide for giving mail contracts to the lowest bidder, and to grant the Shipping Board and the Postoffice practically unlimited discretion in handing out Government funds for this purpose. Since the competing American interests are numerous and the amount of money available for mail contracts is limited, it may even be necessary to permit or encourage large-scale consolidations of American shipping interests to strengthen our competitive position in the shipping field. This, of course, is likely to stimulate further subsidy of shipping by foreign countries. Italian cargo shipbuilding concerns are already asking the Italian government to extend its subsidy policy, now applied to fast passenger ships, in their favor, too.

Automotive ► **Safest Trade-Ins Are Smashed Ones**

THE National Automobile Chamber of Commerce is sponsoring a highway safety movement which will also be a movement to diminish the threat of one element of unsafety in the automobile business—that of the disruptive trade-in. The N.A.C.C. is asking all car makers to set up funds to provide for junking vehicles no longer safe to operate—the junking to be done by dealers when these vehicles are traded in for new ones.

Under this plan, manufacturers will credit to the dealer's account from $50 up for each ten new cars he sells. In return, the dealer will agree to scrap one trade-in for each ten new cars sold. Batteries, glass and tires may be salvaged; the remainder of the scrapped car must be physically demolished in the presence of witnesses. This will remove from the market a considerable number of worn-out cars no longer safe to operate but kept on wheels because of their trade-in value.

If such a plan had been in complete operation during 1929 some 450,000 cars would have been scrapped to the benefit of others on the road. Chevrolet has had a similar plan in operation. Other General Motors units, Studebaker and a few other makers have adopted it and found it satisfactory.

This is the first concerted effort ever made to pass upon vehicle safety. A few states have annual inspections. They are chiefly advisory, however, and do not prevent the operation of an unsafe car. When an unsafe car comes under the sledge hammer of the N.A.C.C. plan it will contribute to no more traffic accidents.

P. & A. Photo

IN SUNNY CUBA

Charles S. McCain, president of the Chase National Bank, New York, forgets the cold weather in vacation pleasures at Havana

Production ► **Seek Bank Aid In Modernizing**

European Bureau, The Business Week

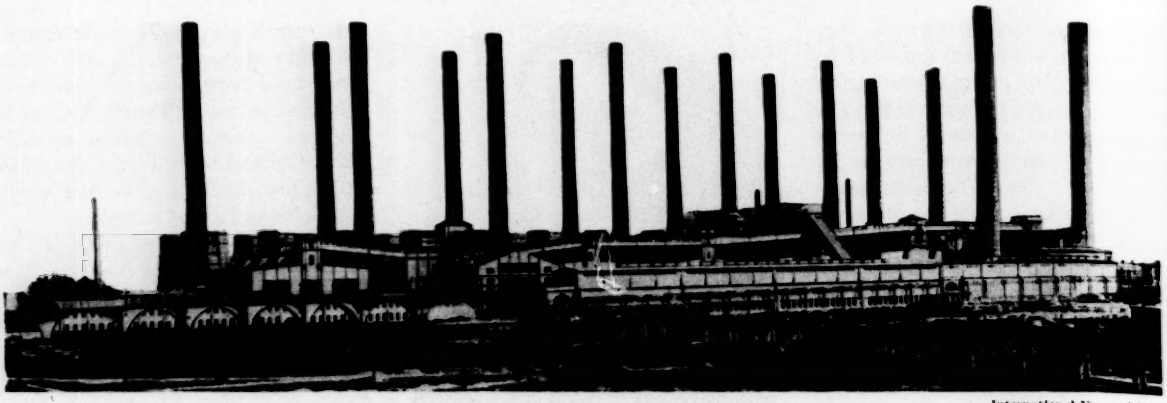
RATIONALIZATION of major industries, long a subject for discussion in England, has been brought even further to the front by the Hatry crash in London, which compelled the six great London banks to cooperate with the Stock Exchange Committee to prevent the bankruptcy of many dealers, brokers and investors.

Unofficially a movement has begun to determine if the banks can force rationalization. But it will not be easy, for rationalization of an English industry involves two separate and distinct operations. First, the individual unit must be persuaded or compelled. Second, money must be found for re-equipment. It is suggested that the banks use their powers of persuasion, and then provide the necessary new capital.

But the obstacle there is the traditional conservatism of British banks. They do not regard the finding of investment capital as part of their duty. They might be induced to help persuade industries to rationalize, but they are unlikely to take over the task of raising new money. One way out might be for the government to assist in raising capital by means of guarantees under the Trade Facilities Act.

▼

CHICAGO ASSOCIATION OF COMMERCE is anxious to get rid of the nickname "Windy City." While the average wind velocity in Chicago last year was 9.9 miles an hour, Buffalo averaged 15.4 and New York 9.3.



International Newsreel Photo

HORSESHOE PITCHING PEGS FOR GIANTS

That's what they resemble, but in reality they are the funnels of the world's largest lignite burning power plant, near Bitterfeld, Germany. It will start operations next month, supplying industries of eastern and central Germany with most of their electric power

Utilities ► **Electric Railways Add Buses, Profits**

PASSENGERS carried by cars and buses of electric railways increased in number slightly in 1929 over 1928. The average fare increased a fraction of a cent. Gross earnings showed a moderate gain. Wages and construction costs remained fairly steady, and more efficient operation permitted a substantial reduction in expenses. Net income was, therefore, considerably improved. Revenue is expected to be slightly better in 1930, operating expenses may be reduced.

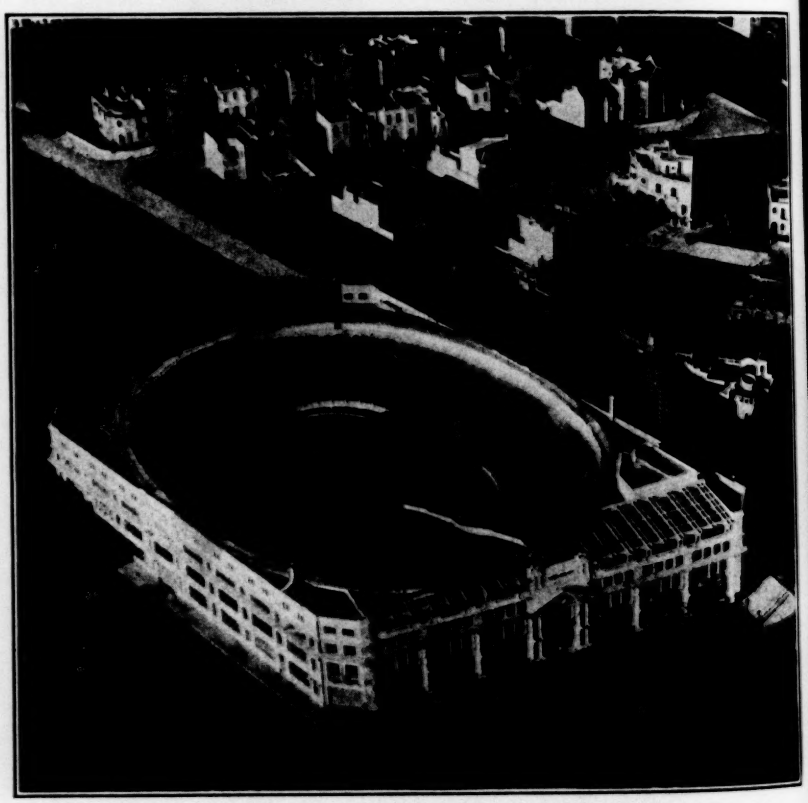
Thus is the slow but steady improvement in the position of electric railways shown in a survey completed this week by *Electric Railway Journal*, based on reports from companies representing more than 97% of the electrified trackage of the United States and Canada.

Approximately $375,000,000 will be spent in 1930 for extensions, betterments and maintenance. Last year they totaled $355,000,000. 1930 outlays: for new cars, $32,000,000 ($3,000,000 more than in 1929), way and structures, $88,000,000 (not including cost of regular maintenance work), expansion of bus operation, $20,000,000.

More than 1,300 new cars were bought in 1929 as compared with less than 900 in 1928. Consigned to the scrap heap, with a sigh of relief, were 2,300 old cars. More new buses than cars were purchased—1,800. At the same time, nearly 400 additional buses were acquired through purchase of independent bus lines. Extensions to existing bus routes and new routes added during 1929 totaled nearly 4,000 miles, a much larger increase than in 1928.

Extensions and reconstructions of electrified track came to more than 1,050 miles; 850 on street car systems, 200 on electrified steam lines. About 1000 miles of track were abandoned—slightly less than the 1928 mileage. Partial abandonments by companies which continued rail operation on other routes formed the largest part of the mileage decrease last year.

Net result: electric railways find themselves with a slightly reduced track mileage, slightly fewer cars, but more buses and greater bus route mileage.



JUST A NEW SPANISH CUSTOM

A roof speedway ninety-five yards in diameter, to which automobiles are raised in elevators for demonstrations, distinguishes this Buenos Aires building occupied by Resta Hermanos, auto and radio dealers

Bonds ► **No "New Era" But No Wonder**

EXPECTATIONS of a buoyant bond market as a corollary to the stock crash and monetary easing have not materialized. This has caused concern in some quarters. But there is little reason for surprise. Just as there was not, after all, a new era in stock prices, so there is no new era in bond prices in the bond market.

Bond prices have pointed upward in recent weeks. Exceptionally high-grade issues and governments have been particularly strong. Averages of bond prices generally accepted as showing the trend indicate that losses suffered in 1929 had been made up when the year ended. The severe decline of 1928 has not been retraced. Further progress will be gradual. Some time will elapse before bonds generally begin to reach peaks.

Easing of money rates was of primary importance to the bond market. There has been enough to stimulate bond prices to some extent but money is not yet really easy or plentiful, except as compared with the months before October, 1929. The level of interest rates is not really "low."

The bond market has not experienced an "investment demand" of nearly the proportions predicted. Investment habits are not changed overnight, even after a panic. The faith pinned to common stocks has not been killed. The post-crash volume of odd-lot buying at bargain levels proves this. So does the increase in the number of stockholders of almost all the large corporations. There was no such general move toward bonds as was predicted.

Some classes of bonds remain depressed from influences quite outside the market, foreign issues in particular. All South American issues, except those of Chile, are held down by local economic disturbances. German and other European issues will hesitate until the reparations problem is settled.

Dealers and issuing houses are feeling their way slowly. Any sharp upturn in prices is certain to bring out a large volume of new issues that have been held up for more favorable conditions. Technically the market is in good condition, with the floating supply small and dealers' "shelves" comparatively empty. No one wishes to overload a none-too-strong market with new issues.

Herbert Photo

A FORTUNE FOR THE MEAL BROTHERS—OAT AND CORN

The largest cash grain sale ever recorded in the United States was consummated at Omaha on December 17, when Frank Davis (right), of the Marshall Mill & Elevator Company, of Marshall, Texas, paid $650,000 to Nels Updike (left), of the Updike Grain Company, for 1,000,000 bushels of oats and 100,000 bushels of white corn

Distribution ► **The Piano Industry Struck the Wrong Key**

THE piano industry is trying to find its way out of a morass of difficulties. Piano manufacturers played the wrong horse when they placed their emphasis on mechanical reproduction. Who wants a reproducing piano when he can have a radio? Relatively, only a few.

But the radio has popularized appreciation of good music. And of those who grow to like good music, all will not be satisfied to listen to it; they will want to make their own. Probably, in the long run, the increase in radios will stimulate the sale of pianos, while replacing other mechanical forms of music.

Pianos are sold: (1) as parlor furniture; (2) because Mrs. Jones has one; (3) because they say ownership of a piano is a mark of culture; (4) to play on. But the automobile has taken home folks out of their homes, the city has compressed what is left behind, Mrs. Jones has become interested in the latest motor car and culture isn't what it used to be.

All that is left is to encourage playing

THROUGH FREIGHT TO RUSSIA

Loading the first American freighter to travel direct to Soviet ports since the Russian Revolution. Eight will sail altogether. The first two, sailing with the New Year for Odessa, carried American exports valued at $4,000,000, mostly tractors, farm machinery and oil-well equipment

on pianos. That means "catching the children." In 1928, the National Piano Manufacturers Association found 86,500 children taking lessons in piano-playing. The Association has been actively suggesting ways to make piano lessons interesting and in 1929 was able to report on 110,000 children taking them.

But most parents hesitate to buy new pianos for learning purposes, even if they can afford to. However, the piano industry has tried to discourage the second-hand market, instead of organizing it, with the result that prospects, particularly the less affluent ones, have put up with their old pianos or with none. If good second-hand pianos were exchangeable for the older ones, buyers could be traded up. The other motives would urge them to buy new pianos later on.

The special difficulties of the American Piano Company, obviously not indicative of general conditions, have attracted particular attention. They are attributed to the administrative difficulties common to new mergers; to the fact that it cut loose from regular distribution channels and had not completely established its own specialty stores when the business hesitation came; to the upset condition of factories due to the fact that physical consolidation was in process at that time; to the extent to which the company was caught off base on both manufacturing and retailing programs when luxury buying fell off with the stock crash.

The receivers' examination of company affairs indicates that assets are substantially in excess of liabilities and the receivers are informed that stockholders and financial interests have taken the first steps leading to a reorganization with hopes of a successful outcome.

Lenbert Photo

PRETTY FISHY

But it's meant to be, for it indicates the presence of a fish store. One of the ancient business signs of old Boston, many of which are still in use

Banking ► **New Year Starts From New Records**

AMERICAN banks started 1930 with resources and deposits at a new high. Combined figures for 24 banks, whose aggregate resources make up one-fifth of the total for the more than 25,000 banks in the country, showed an increase in resources reaching 10.7% between October 1 and the end of the year. Total resources of these institutions amounted to $14,779,000,000 at the year-end, compared with $13,346,000,000 three months earlier.

Increase in deposits was more moderate during this period, working out to 4.7%. The trend of deposits is much more fundamental than that of resources, and consequently of much greater importance. Total deposits of these 24 institutions at the end of the year were $10,631,000,000, compared with $10,149,000,000 three months earlier.

The upward trend during the last quarter may indicate that the decline in bank deposits that has been in progress for more than a year is, at last, halted. This showing of the largest banks, however, may be overbalanced when returns come in from all banks. But the probabilities are that the period recorded an increase for all banks combined, but that it was smaller than that for the larger banks.

A sixth bank entered the billion-dollar class with the end of 1929 as the Equitable Trust of New York showed resources of $1,013,000,000. Two of these six are in the two billion class —National City of New York with resources of $2,206,000,000 and Guaranty Trust of New York with $2,017,000,000. The other three banks with more than $1,000,000,000 of resources are Continental Illinois Bank and Trust of Chicago; Bank of Italy, of San Francisco and Chase National Bank of New York. One Canadian bank climbed into this class as the Royal Bank of Canada showed assets above $1,000,000,000.

Earnings of banks for 1929 were slightly higher than in the preceding year according to meager reports thus far made public. While a few very large increases were shown, most of them are quite conservative. Any sound comparison of earnings for the two years is made difficult and, in some cases, virtually impossible by the large number of mergers which took place in the period.

Fuel ► Gas Coils Its Pipe Lines Around the Coal Market

ARE the bituminous coal mines, recovering from the shock of battles with fuel oil, West Virginia non-union miners and the Jacksonville wage scale, faced with another struggle—this time with natural gas? Will the use of gas become so widespread that the Western and the Illinois coal miner will be forced to curtail his operations or sell his black diamonds at ruinous prices? Will demand for the profitable household prepared sizes disappear, leaving the miner only a market for steaming coal, now sold at a loss?

Industry and business will do well to consider what those long, snake-like natural-gas pipe lines now spreading eastward and northward from the Southwest, portend.

When natural gas from the Louisiana fields was turned on in St. Louis, the Illinois miner found himself confronted with an economic situation that may spell disaster to him. St. Louis has been so laden with soot that natural gas as a heating and boiler fuel finds a warm welcome. Natural gas is undoubtedly to be the fuel in St. Louis, and its price there makes it as cheap as coal. A similar situation confronts the Wyoming and Colorado coal miner because Denver now basks in the luxury of a soot-free gas supply from the Texas fields. At the same time, a long gas line is creeping toward Atlanta, supplying towns along the way.

But a question to be answered is—who is to be permitted to use the natural gas? Not so many years ago, natural gas was so abundant and cheap in Ohio, Indiana and West Virginia that towns found it more economical to let the street lights burn all day than to employ a lamp lighter. Industry was persuaded to adapt boiler furnaces to the use of gas as a result of unbelievably low prices. In time, the gas supply began to diminish and in winter the pipe-line pressure was barely sufficient to meet the household demand; industries found themselves deprived of the fuel at the time when it was most needed, and soon bituminous coal regained its old-time supremacy. The gas companies had simply been too lavish in their distribution of a limited natural resource.

Fuel engineers are wondering whether history will repeat itself in the Southwest. Some advocate rigid limits to the use of gas so that the states' supply of 15 years can be extended to 30. Gas, they believe, should be reserved for household use with a share for such chemical use as hydrogen recovery; power plants should use coal. They point to the fact that coal burning, to be efficient and smokeless, involves much skill and attention; that smoky chimneys on nine out of ten midwestern homes should surprise no one, for the householder cannot give the needed attention to furnace stoking. On the other hand, the boiler room of a power plant is employed for the purpose of burning coal efficiently, which means a smoke-free stack.

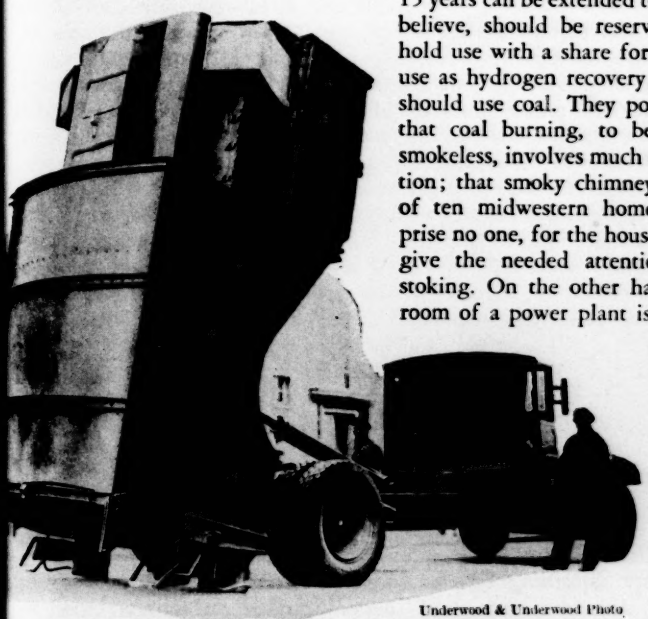
Gas engine manufacturers view developments with interest. They believe that, with coordination between themselves on the one hand and gas marketers and users on the other, there should be a decided demand for gas engines to the advantage of all concerned. For example, along the 400-mile line from Louisiana to Atlanta, there are hundreds of industrial plants where gas engines might be used. As climatic conditions in the South will not disturb the balance between gas demand and supply, as happens so often in northern states, gas for industrial power purposes should be available the year round.

Bituminous coal at existing market prices will generate steam at a lower cost than will gas.

Associated Press Photo

"FINANCE" IN GRANITE

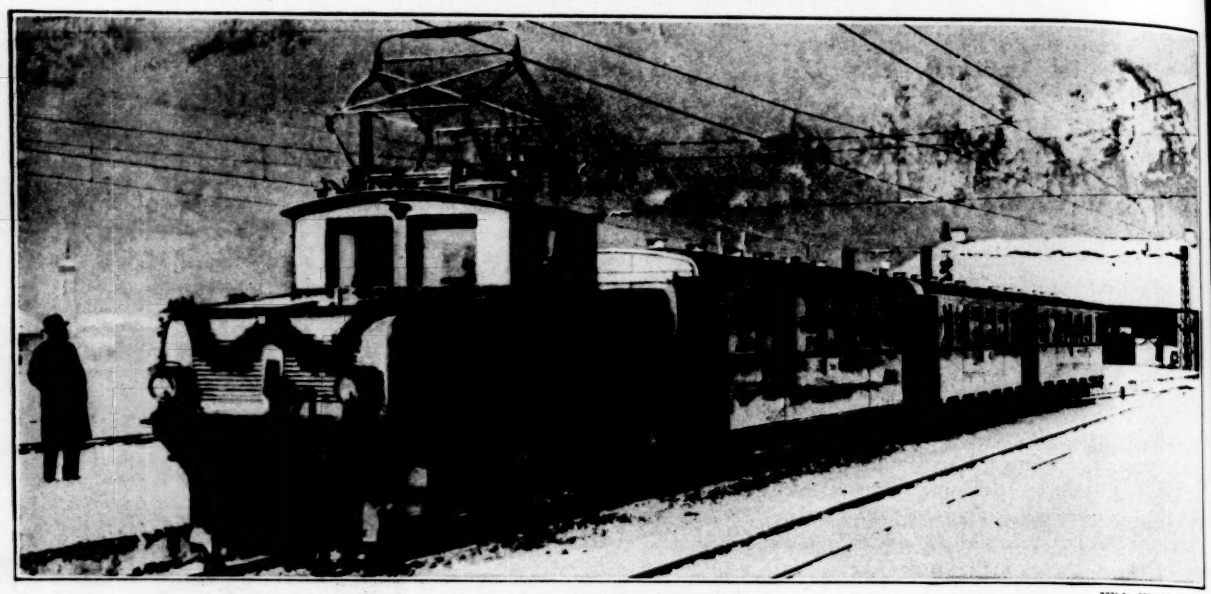
Ralph Stackpole, sculptor, at work on the central figure, typifying "Finance," of the heroic group at the entrance to the new San Francisco Stock Exchange. He is carving a solid block of granite set into the building



Underwood & Underwood Photo

THE GARBAGE MAN'S DREAM

It appears to be on the verge of fulfilment in Berlin, where the latest in garbage trucks is in operation. Garbage cans are emptied into it automatically without dust and with a minimum of handling



Wide World Photo

READY TO CLIMB AN ALP

The first train, handsomely decorated, to run over the new line of the Bavarian Alp Railway, which will connect Garmisch, Partenkirchen, and other South Bavarian cities. Part of the line was officially opened December 19

Automotive ► **Put 1,000 More Patents in Pool**

THE automotive patent cross-licensing agreement used by members of the National Automobile Chamber of Commerce, just extended five more years to December 31, 1935, now covers over 1,700 automotive patents which can be freely used by members.

The first cross-licensing agreement was made in 1915. Its life was ten years; it included all patents then owned or to be taken out during life of the agreement. In 1925 a five-year extension was made. This time all previous patents were included but new patents to be taken out by members were exempt, thus providing greater incentive for individual research work. The latest extension is of the same type. All patents now owned by member companies are included in the cross-licensing agreement. New patents to be taken out will not become common property until, possibly, 1935 when the plan comes up for further extension.

In 1925 about 700 patents were included in the agreement. Since that time about 1,000 more have been acquired by member companies and now become free for common use.

This unique plan has prevented enormous legal expenditures in suits and countersuits over conflicting patent claims; it has immeasurably expedited automotive design progress; its continuance for another five years is one forecast for continued prosperity for the industry.

Fashions ► **Style Protection A Boomerang?**

A DEMOCRATIC and a Republican Representative — Sirovich, New York, of course, and Vestal of Indiana —are eager to end style piracy, and have each introduced a bill designed to protect designs and styles in dresses.

In cloak and suit circles there is much agitation. Who can define style piracy? Who can tell where a style variation ends and a new style begins? Opponents of such a law point out that if it is enacted American manufacturers, or rather American consumers, will soon be paying royalties to Patou and Worth, and other French couturiers. They fear that with style protection in effect they would lose their only opportunity to compete with the Parisian dressmakers and style arbiters.

But mightn't it mean also that the American dress industry would be compelled to produce something original and distinctively American, instead of copying the French?

Metals ► **Never So Near Free Silver**

NEVER before in history—at least as far back as records have been kept (since 1250 A.D.)—has the price of silver been so low as it is now. Never before has so much silver been produced as in 1929—probably 260,000,000 ounces. Three-quarters of this silver is a by-product of base-metal production.

Until a few years ago, almost two-thirds of the world's silver was used for money. Recently most of the European nations have gone far in the demonetization of the metal. India, which formerly took 30% of the world output, is now on a gold basis. China, another sinkhole of silver, has found recent conditions unfavorable to a continued large intake.

Though prices are the lowest of all time, they may easily drop lower. In industry, keen competition with base metals, which sell by the pound instead of by the ounce, is not likely to permit silver's relative cheapness to increase its use. Nor is there much hope for more silver coinage.

Production will drop sufficiently to equal demand. Those companies for which silver is a leading product, turn out only a quarter of the world's supply. They are the ones that must curtail.

Distribution ► Drug Merger Case May Test "Donovan Plan"

THE Federal Trade Commission's prosecution of McKesson & Robbins for violation of the Clayton anti-trust law may be the long-awaited test case which will disclose the strength and weaknesses of the plan pursued by Col. William J. Donovan, while Assistant Attorney-General, of reviewing plans of mergers and informally passing on them. The scheme of McKesson & Robbins for the merger of wholesale druggists into a national distribution chain was so reviewed, and acting officially for the Department of Justice, Col. Donovan wrote that the plan presented no occasion for proceedings under the anti-trust law.

But neither McKesson & Robbins nor any other firm whose plans were similarly reviewed was thereby licensed to violate the law. Primarily because the Donovan endorsements have been so construed, the practice was abandoned when Attorney-General Mitchell assumed office last March. But the plan, basically, was well-liked by business men, and there is a widespread and growing demand for some sort of official investigation of merger programs as a protection against entering blindly into illegal action. Few business men want to break the law, and all dislike the shock of suddenly finding themselves lawbreakers. They want some government agency to tell them, in advance, what action will be legal and what not. This point of view finds much sympathy in government circles.

Colonel Donovan's practice had no legal standing, and his letters were only advisory. They would not be accepted in any court as material evidence in defense against a charge of violating the anti-trust laws. It is generally admitted that the letter affords considerable moral support to McKesson & Robbins, although the Donovan missives were careful to point out that the Department of Justice expressed no opinion as to the legality of the transaction, as "it may at some time in the future become the subject of court proceedings under the Federal anti-trust laws."

The commission's complaint charges that acquisition of the stock of 28 wholesale drug firms, taking over their contracts with 20,000 retailers, on the one hand, and with numerous suppliers, on the other, has tended to restrain trade and lessen competition. If this charge is sustained, the prosecution must surmount a legal obstacle. Under Section 7 of the Clayton Act, the commission is empowered to order divestiture of the stock when the effect of its acquisition is substantially to lessen competition. As construed by the Supreme Court, the law gives the commission no jurisdiction if acquisition of stock is followed by transfer of assets prior to the issuance of a complaint by the commission. The commission's complaint does not indicate whether this was done, but it is understood that in some instances it was accomplished before the complaint was issued, in others after the issuance of the complaint, and that a large part of the stock acquired has been cancelled.

Merritt-Chapman-Scott Corp. Photo

RESCUING A FORD

But not the Ford of general commerce. It's Edsel Ford's private yacht, "Sialia," being pulled off the reefs outside New Bedford Harbor by the world's largest floating derrick. Once in deep water, both yacht and derrick were towed by tugs into New Bedford

Automotive ► Split on 1930 Price Policy

THE automobile price trend, which seemed definitely upward a week ago, has been confused by show-week cuts by such important makers as Chevrolet, Hudson, Oakland-Pontiac, Willys-Knight. Earlier price increases were based on the belief that 1930 output will be relatively low; that larger unit profits must be obtained to keep total profits in line. Later price cuts are based on the same outlook, but those making them evidently look for a still more highly competitive battle in which low prices may aid them to keep up volume.

Banking ► Chicago Links Up Its First Bank Chain

WITH chain banking developing all around, Chicago spent 1929 making mergers, that reduced its banks from 12 to 7, formed no chains.

Now the National Bank of the Republic, fourth in the city in total resources, announces the first Chicago bank chain, National Republic Bancorporation with fifteen banks and investment companies, combined resources more than $250,000,000. Names of only twelve have been disclosed. Most of these are in Chicago. The Waukegan State Bank, 40 miles out, is farthest removed geographically.

National Bank of the Republic's plan of acquiring banks approaches branch banking more closely than do methods of some chain systems. Instead of merely agreeing upon a price to buy control, a price for all stock is fixed. Any minority stockholder in the bank bought can sell or exchange his stock on a basis as favorable as that of the largest holders. Most stockholders will make the exchange, it is thought. National Republic Bancorporation has 1,000,000 shares, $20 each.

George Woodruff, moving spirit of National Bank of the Republic, has had a rapid rise in Chicago banking. He came to the city from Joliet in 1922, where he built the largest bank in Illinois outside of Chicago. He has had a hand in three Loop mergers, acquisition of the Chicago Trust Company being the latest and most important. His was first large bank in Chicago to split stock, reducing par value from $100 to $20. He has pioneered also in increasing bank stock, in line with growth of the institution. Each six months his stockholders get rights. The first such right was to buy one $20 share for each 12 held; the next, 1 for 13; the last, December, 1929, 1 for 20.

Other Chicago banks are expected to follow the lead of Republic in "bancorporation" extensions. Chicago's two hundred outlying banks offer a fertile field for beginning. Many are already affiliated, more or less directly, with downtown banks.

Railroads ► Court Backs Management

DECISION of the United States Supreme Court this week upholding the management of the Wabash Railroad in its resistance to dividend demands by preferred shareholders strengthens claims of broad powers and wide discretion for corporation management, weakens preferred stocks, overrides a lower court decision of last March which was revolutionary in corporate finance.

Holders of preferred stock A of the Wabash had not received dividends for a number of years. Neither had class B or common stockholders. Earnings had been sufficiently large to cover preferred dividends, but the management had devoted them to needed improvements.

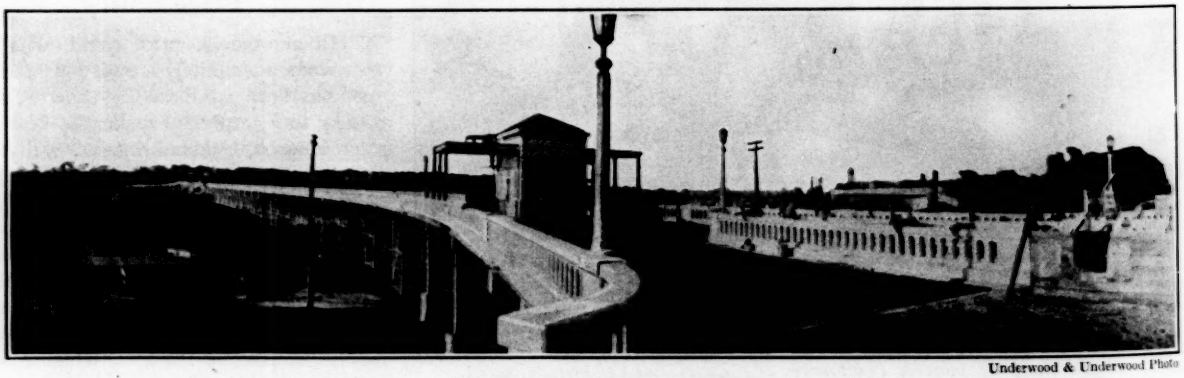
Becoming more prosperous recently, the management proposed to resume dividends on all classes of stock. Preferred shareholders averred that dividends could not be paid on the other classes of stock until they were paid for the years in which their dividends had been earned but expended for improvements. The charter of the company provided that preferred dividends were not cumulative and thus "preferred" only for a year at a time.

Communications ► Competition Has A Spokesman

TWO widely divergent business philosophies—development through competition and through cooperation—held by two of America's business leaders were placed in public opposition this week. Newcomb Carlton, president of the Western Union, appeared before the Senate Interstate Commerce Committee, to take sharp issue with views recently expressed by Owen D. Young for the Radio Corporation of America to the effect that domination of this country in international communications can be effected only by a combination of the American interests—in other words, a merger of the Radio Corporation of America with the International Telephone and Telegraph Company.

The "menace" which Mr. Young sees in the recent British communications merger Mr. Carlton characterized as a "fantastic bogey" set up by RCA as an argument in favor of unification.

He insisted that, if permitted, the merger should be authorized by an enabling act and not by repeal of present provisions of the radio law prohibiting wireless-cable combinations. Such repeal, he declared, would tend in the direction of a monopoly of external facilities as advocated by Mr. Young. "I see no advantage in single-agency control," he said, "and I don't think the setting up of a monopoly should be encouraged."



Underwood & Underwood Photo

NEW FEAR RIVER BRIDGE

Recently dedicated at Wilmington, North Carolina, by Governor Gardner, it closes the last water gap on the great Atlantic Coastal Highway, which runs south from Norfolk, Virginia

What the Figures Show

THE business records for the last week of 1929 and the first week of 1930 reflect only the usual year-end low points in basic industrial activity and general trade. In these weeks little evidence of the immediate future course of business is to be expected, except in the tone of trade sentiment, which has improved slightly.

If allowance is made for the effect of holiday shutdowns during the two preceding weeks, steel mill operations during the first complete week of the new year showed no improvement, despite the impressions given by the trade reports. For the industry as a whole operations were at slightly below 60% of capacity as against the comparable figure of 62% for the preceding week and 84% a year ago. The Steel Corporation was running at around 61% and independents at about 58%. These figures compare with 87% and 81% at the beginning of 1929 and 74% and 68% in the first week of 1928. The contraction in steel operations thus appears to be somewhat more severe in the present season than during the recession of 1927.

THE influence of railroad and structural steel demand appears to be fairly constant. Such increase in orders as have been noted comes from varied sources. There is as yet no definite sign of increase in automotive demand, pending the results of the automobile shows. A slight increase is noted in specifications for heavier automobile steel, but little in sheets. Improvement in sheet mill operations is due principally to demand from other sources. There is some evidence, however, of slightly higher levels of automobile production and employment.

FIGURES OF THE WEEK

(Compiled with the co-operation of the Survey of Current Business)

	Latest Week	*Preceding Week*	*Year Ago*
PRODUCTION			
Steel Mill Operation (% capacity)	60	62	84
Building Contracts (F. W. Dodge, daily average in thousands)	$ 9,806	$10,373	$18,736
Bituminous Coal (daily average, 1,000 tons)	* 1,535	1,859	1,400
Petroleum (daily average, 1,000 bbls.)	2,652	2,608	2,591
TRADE			
Car Loadings (daily average, all classes, 1,000 cars)	128	140	134
Check Payments (outside N. Y. City, millions)	$ 6,088	$ 5,115	$ 7,479
Wheat Receipts (1,000 bushels)	3,918	4,829	5,454
Cotton Receipts (1,000 bales)	257	401	382
Cattle Receipts (1,000 head)	*128	112	143
Hog Receipts (1,000 head)	*522	‡431	715
Wool Receipts (1,000 lbs.)	2,252	3,561	2,128
PRICES (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$ 1.25	$ 1.22	$ 1.08
Cotton (middling, New York, lb.)	$ .173	$ .173	$ .202
Iron and Steel (composite, ton)	$35.72	$35.88	$36.23
Copper (electrolytic, lb.)	$ .178	$ .178	$ .162
All Commodities (Fisher's Index, 1926-100)	93.0	93.1	97.0
FINANCE			
Total Loans and Discounts, Federal Reserve member banks (millions)	$17,649	‡$17,305	$16,803
Commercial Loans, Federal Reserve member banks (millions)	$ 9,344	‡$9,374	$ 8,985
Brokers' Loans, New York Federal Reserve member banks (millions)	$ 3,352	$ 3,424	$ 5,313
Federal Reserve System Ratio	72.9	69.6	66.3
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	13,159	13,053	23,769
Stock Prices (N. Y. Times, average 50 stocks)	$205.16	$198.60	$233.59
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$36,516	$40,644	$44,485
Bond Prices (Dow, Jones, average 40 bonds)	$ 93.87	$ 93.76	$ 96.13
Interest Rates—Call Loans (daily average)	6%	5.5%	10.5%
Interest Rates—Time Loans (daily average)	4¾-5%	4¾-5%	7½-7¾%
Business Failures (Dun, number)	501	396	473

* Preliminary

‡ Revised

DAILY average of general building contract awards for the last week of the year was slightly lower than the preceding week and not much more than half as great as in the corresponding period of 1928. For the week ending January 9 the *Engineering News-Record's* figures for heavy construction awards are slightly higher than in the preceding week but far below the corresponding week of 1929. Total heavy construction contracts for 1930 to date are considerably under those of the corresponding period of 1929.

The rate of bituminous coal production showed a sharp decline for the week

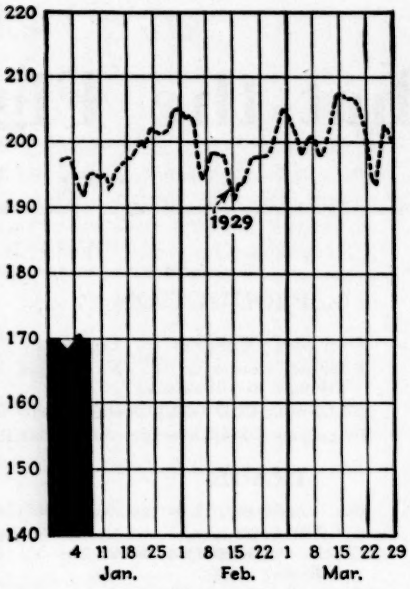
but still remains above last year's level. Petroleum production was at a slightly higher rate and considerably above a year ago.

COMMODITY prices continued to show a fair degree of stability. Wheat was stronger and shows a larger margin above last year's level than for some time. Cotton holds steady at slightly above 17 cents. There was slight improvement in export buying of wheat, but domestic demand for cotton, except of higher grades, continues weak. The iron and steel composite declined again, with increasing weakness in many classes of finished products; but a favorable sign is the strength of scrap steel prices in the Pittsburgh district. Copper remained steady and buying improved somewhat.

The general trade indicators for the latest week are poor, as might be expected at this period. Agricultural marketings were generally lower than a year ago. Carloadings, of all classes, reached their low point for the year, but the total was somewhat above the level of 1927. Non-bulk carloadings for the week ending December 28 declined somewhat less than in the corresponding week of the preceding year, but the year-end level is lower than that of 1928. Next week's figures should show a rise—the important question being how much.

CHECK payments outside New York City were, as is usual, higher for the week than in the preceding week, because of January 1 money turnover; but they remain below last year's level by a considerable margin. That this is not due altogether to the comparative slackness of security trading is clear from the figures of check payments for 131 cities outside the speculative centers. For the week ending January 1 these were less than in any year since 1925. They were 14% below last year's figure and the increase from December 24 to January 1 was little more than half as great as in the same period of the preceding year.

The number of business failures for the latest week showed a sharp increase over the preceding week and was substantially higher than a year ago.



THE MARKET DAY BY DAY

(Standard Statistics Company's Daily Stock Price Index)

Money and the Market

THE stock market penetrated still further into the doldrums this week. Both volume of trading and price movements were small. Such a period was fully anticipated several weeks ago and occasions little surprise. There was practically no net change during the week. Operations at present are almost entirely professional.

The question of how long this subnormal activity will be prolonged cannot now be answered. Business conditions, as yet, offer nothing to stimulate stock prices. Little change in the general situation has taken place in the week except that the signs of a continuing recession have become a little more emphatic. But strong convictions that spring will bring a recovery are responsible for some preparatory moves that may themselves speed up improvement.

Trends in the money market are more interesting and significant. The expected seasonal post-holiday liquidation is taking place. More plentiful funds are in prospect and a slight further easing of rates would not be surprising.

Further reduction in central bank rates is expected shortly. The New York Federal Reserve, the Bank of England, the Reichsbank and possibly even the Banque de France may lower their rates before long. Such action in New

York might be followed in some other sections, and would almost certainly bring down those banks which still are at the 5% level. Reduction of the New York discount rate to 4% would have no very strong effect on rates, since little borrowing is taking place there.

Reduction of the English bank's rate from the present 5% would be a more powerful factor, since the Bank rate leads the market there. The Reichsbank rate at 7% represents stringency, and is likely to be lowered, but not until after The Hague conference. Then Germany will know more definitely what her position is to be. The French rate is already quite low, at 3½%, but the huge French gold stock would permit further reduction.

Foreign exchange rates, which, for some weeks, have been generally at gold export points, eased this week. The leading currencies are now about at par with the dollar. Gold exports dropped off sharply in consequence, totaling only $8,632,000 in the week. France took nearly all of this amount. If permanent, this easing-off will help rates here.

Bond prices moved definitely, if very slowly, upward in the opening week of the new year. The gain in the averages was small, but sufficient to furnish encouragement.

Brokers' loans dropped off $72,000,000 to total $3,352,000,000. Decrease followed the growth occasioned last week by year-end settlements. The New York banks, which had borne the brunt of the increase, eased out this week. Funds from other lenders, withdrawn for the year-end, flowed back into the market, totaling about $100,000,000. Call money reached 4%, lowest in 18 months.

Sharp liquidation took place in Federal Reserve credit outstanding, the decrease totaling $163,000,000. This is a normal seasonal move, materialization of which is very favorable. Bills discounted dropped $65,000,000 to $567,000,000—a favorable comparison with the total of $876,000,000 at the same time last year. Holdings of bills decreased, as did also those of government securities. The actual liquidation of credit was furthered by a large return flow of currency following the holidays and year-end.

What the Crash Did to November Business

THE statistics for November are now all in. It is possible to get from them a clearer and more conclusive idea of what happened to business during the first month following the stock market crash.

The indexes of production and trade compiled by the Federal Reserve Bank of New York, which are the most comprehensive available, and are adjusted to take account of seasonal changes and normal year-to-year growth, show there was a general and marked business recession in November. It was more marked than in 1927 and the sharpest since 1924. The decline was even more abrupt than in 1920, but it had not, in November, brought the level of business activity to as low a point as that reached in 1921.

Productive activity showed the sharpest decline—much sharper than general trade. It fell 7% between October and November and was 11% below the preceding November. Primary distribution —carloadings, wholesale trade, foreign trade—declined over 8% for the month but was about at the level of last December.

Distribution to consumers, including department store, chain store, mail order sales, advertising and insurance written, declined only 2% for the month and was practically the same as in the preceding year. General business, as measured by postal receipts, telephone and telegraph communication, electric power consumption, the formation of new corporations, real estate transfers and check payments, declined less than 2% and was slightly higher than in the preceding November. The largest decline took place in measures of financial activity, including new security issues, stock sales and future sales of grain and cotton, which together fell about 30% in the month. This decline in financial activity, however, did no more than bring it down about to the level of the monthly average for 1928.

The total volume of trade, which includes all of these measures of productive business and financial activity, declined about 7% for the month and fell less than 5% below last year's level. In November it was still 2% above normal for the month.

Industrial Drop In December

ELECTRICAL WORLD'S preliminary figures of industrial consumption of electric power indicate about the same decline in productive activity for December as for November—7% to 8% below the preceding month and 11% below December, 1928. In short, the recession was not accelerated. December activity was on a par with November as compared with the year before.

December Retail Trade Surprises

THE few figures now in on December retail business are not conclusive, but the general indication is that trade was about up to last year. The fact that this December had only four Saturdays against five in 1928 must be allowed for.

New York City department store trade for the first twenty-four days was about 2% larger than in 1928. A few chain stores report a decrease for this December as a whole, compared with last—Woolworth, 2.8%; National Bellas Hess, 2.3%; Kresge, 2.4%; but most chains and mail order houses show increases, some large—Sears, Roebuck, 27.8%; Montgomery Ward, 12%; F. & W. Grand-Silver, 8%; G. C. Murphy, 7.8%; Morrison Electrical Supply, 40.6%; Exchange Buffet, 16.7%; W. T. Grant Co., 11.7%; McLellan Stores, 7.6%; McCrory, 1%; Waldorf Restaurant System, 6%; Kaybee Stores, 21%; Kline Department Chain, 15.8%; Edison Bros. Stores, 27.4%.

December Failures Moderate

THE number of business failures recorded by Dun in December was less than 100 more than in last December. The amount involved in the failures, however, was more than 60% greater this December than last. The Bradstreet record shows December failures larger by 9% and liabilities larger by 45% than in the preceding December.

The December business mortality figures were not abnormally large. Using Bradstreet's record, failures were fewer than in any year back to 1920 except in 1928, 1927 and 1925, while liabilities were smaller than in four of the preceding nine years—1926, 1923, 1921 and 1920.

Here's Purchasing Power

DIVIDENDS declared in 1929 were more than a billion dollars greater than in 1928—about $4,500,000,000 as compared with $3,500,000,000 in 1928. December dividends were the largest on record, $532,000,000 as compared with about $400,000,000 in December, 1928.

This means more buying power—for securities and things; a caution to business against overestimating the effect of the market crash upon the general purchasing power.

A Big Difference

Contrasting current conditions with those in 1921, here are some striking figures of retail inventories:

Sears, Roebuck & Co.	*1929*	*1921*
Inventory, beginning of year	$ 67,269,306	$105,071,243
Net sales for year	$443,452,640	$159,034,518
Ratio, inventory to sales	15.1%	66%
Montgomery Ward & Co.		
Inventory, beginning of year	$ 59,762,946	$ 30,282,672
Net sales for year	$291,530,621	$ 68,523,244
Ratio, inventory to sales	20.5%	44.2%

Building Down In December

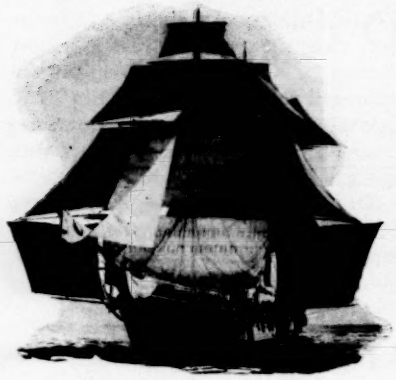
THE F. W. Dodge figures for general building contracts awarded in thirty-seven states for December amounted to $316,368,100 as compared with $432,-756,300 in December, 1928.

The *Engineering News-Record* figures for contracts for engineering construction totalled $166,280,000 in December compared with $237,097,000 in December, 1928. This was the lowest monthly total since March, 1925. Nevertheless, heavy construction contracts awarded for the whole of 1929 amounted to $3,915,-000,000, 10% more than in 1928, when the contract total amounted to $3,579,-000,000.

The decline in heavy construction in December took place in both public and private operations, with a larger percentage of loss in private work, except in industrial buildings. Total private work dropped 43% and public work 11% as compared with December, 1928.

For the entire year the gain in heavy construction was confined to private work, chiefly industrial and commercial buildings.

Where Are We Headed in the Shipping Race?



"FASTER—faster—FASTER!" The cry of our impatient generation for higher velocity in the movement of freight and passengers affects sea transportation as it does air and land. It is at the bottom of the mail contract problem with which government officials and shipping men are now struggling. Our merchant marine, impressive though it is in tonnage, is a war baby. Advance in design has run away from it. Much of it is old and slow.

The nations have entered a furious rivalry for fast ships. Liberal outpourings of government moneys encourage the contestants. Whether we like it or not, we are in the race. There is no longer any question of our entering foreign trade—we are in now with all four feet. Our extraterritorial commerce has passed all nations except the United Kingdom. Greater expansion is urged to take up the slack of slower home buying.

If other nations force-feed their shipping companies with government aid, it seems that we must do the same. To Americans the word "ship subsidy" has always had a loathly sound. Therefore we call it by another name and the shipping interests hope that the effect will be as stimulating. The Shipping Board has a $250,000,000 fund to aid building. It can lend up to three-fourths of the cost of a steamer at interest rates as low as government borrowings.

The Merchant Marine Act of 1928 gives considerable aid to American shipping through mail contracts. Mails are transported in two ways: By contracts into which only American operators can enter; by poundage rates. Foreign ship lines and American lines without contracts are paid by the pound. By international postal agreements our ships receive 80 cents a pound for letters and post cards, 8 cents a pound for other matter. Foreign ships receive 26.3 cents per pound for letters and post cards, 3.5 cents for all other. This schedule is without regard to distance.

Snarls with the mail contracts resulted when two American lines submitted bids for routes on which a single mail contract could be let. The act provides that "each contract for the carrying of ocean mails under this title shall be awarded to the lowest bidder who, in the judgment of the Postmaster General, possesses such qualifications as to insure proper performance of the mail service under the contract."

When tenders were asked last year the older lines did the perfectly obvious thing—they bid for the mail business. Announcement of the awards was greeted with loud and pained protest. New lines that had bought Shipping Board vessels with the understanding that they were to get mail contracts, did not get them because their figures were too high. Then Munson Line bid $2 a pound on a South American route against a $2.50 bid of the Mississippi Shipping Company. The difference in a ten-year contract period would have been more than a million dollars. Since the new companies depended principally on the mail subsidy for their expectation of profits, they made a terrifying threat—they would give their vessels back to the Shipping Board.

The Interdepartmental Committee appointed by the President to award the mail contracts consists of Chairman O'Connor of the Shipping Board, the Postmaster General, the Secretary of Commerce, and the Secretary of the Navy. As a result of protests this committee held up all new mail contracts and asked Congress to clarify the intentions of the act.

Postmaster General Brown is a sincere and ingenious friend of American shipping. While admitting that mail payments under the new act for the current

We are going in whether it pays or not—with more ships and swifter ships—but let's go in with our eyes open

fiscal year would cost his department $12,000,000 more than under the old poundage rates, he declared stoutly that "the monetary benefit accruing to our country as a whole by reason of thus maintaining adequate merchant marine to transport American commerce to the four corners of the Earth is incalculable."

Everyone knows that it will take Congress a long, long time to clarify anything. Being an active man and a resourceful, Postmaster General Brown did not want to wait. He worked out a little plan of his own. The law said low bidders must be qualified to "insure proper performance of the mail service." On this last clause the Postmaster hung his proposal.

He suggested that the Shipping Board designate thirteen routes important to our foreign commerce. The mail subsidies would be paid to ships complying with the superior qualifications. Contracts would still go to the lowest bidders but they must build the ships required. Three-fourths of the cost of these could be obtained from the Shipping Board.

This would call for forty new vessels during the next ten years aggregating 460,000 gross tons, costing $250,000,000. The Shipping Board, which has the custody of the construction fund, shows little enthusiasm toward the magnificent program. Says Chairman O'Connor:

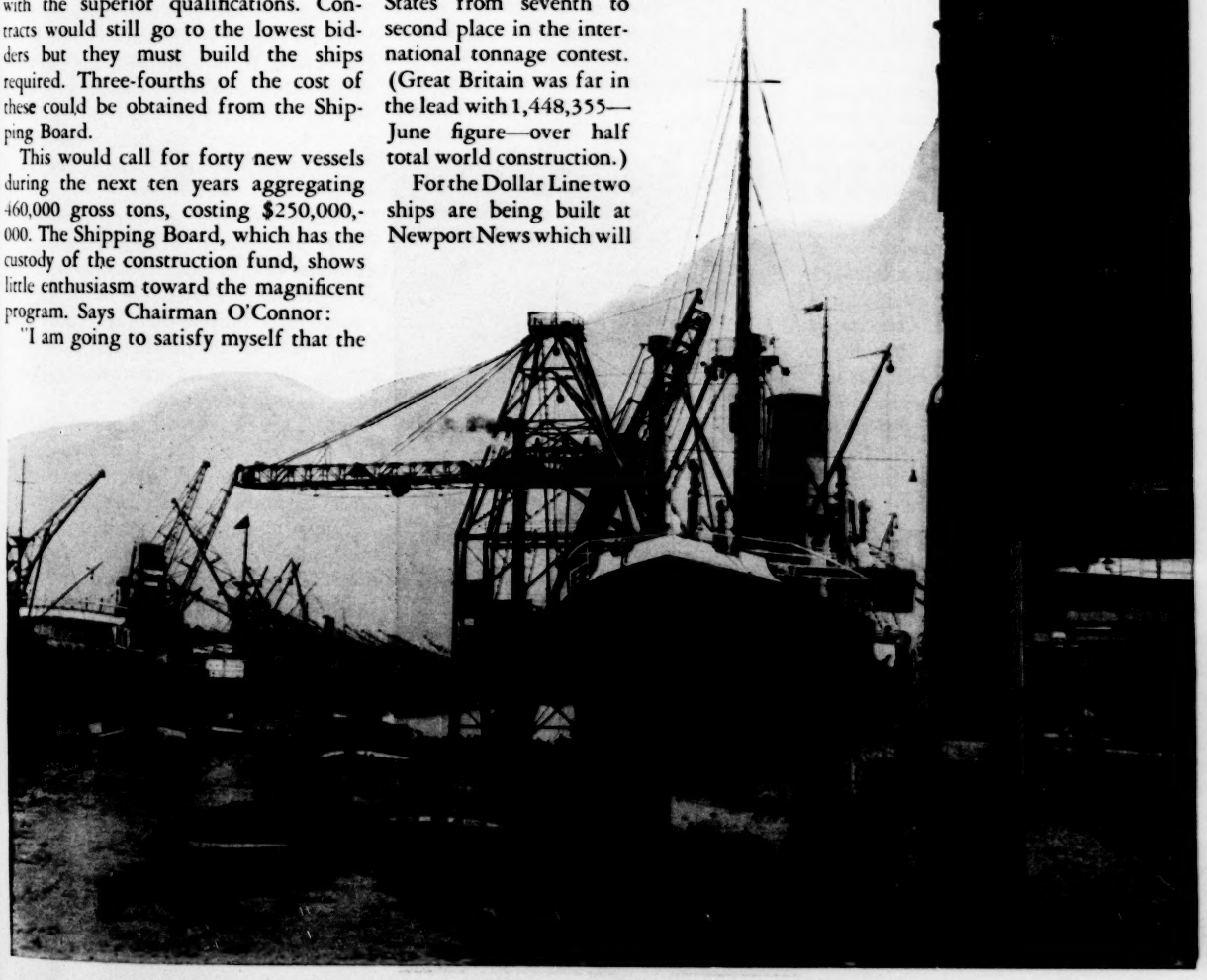
"I am going to satisfy myself that the operators to whom this money is loaned will be able to invest it in such a way that it will return not only the principal but also a profit."

The confusion as to mail contracts has caused the United States Lines to delay contracts for two big liners planned as running mates for the *Leviathan*. Postmaster General Brown's plan called on the line to build about $150,000,000 worth of ships in return for mail contracts worth about $3,000,000 a year. (The United States Lines is selling stock to the public. The prospectus lists mail contracts as an important source of income.)

Meanwhile the big building fund and its painless rates of interest have done wonders for the ship yards. The cheerful rattle of riveters again reverberates along the ways. On November 1 tonnage of 366,146 was under construction in our yards. The increase lifted the United States from seventh to second place in the international tonnage contest. (Great Britain was far in the lead with 1,448,355—June figure—over half total world construction.)

For the Dollar Line two ships are being built at Newport News which will

Photographs © Ewing Galloway



Where Are We Headed in the Shipping Race?

be the largest ever launched in America. Length 635 feet, gross tonnage 27,000, speed around 21 knots. Two others are ordered for the Matson Line. Under a contract signed with the Postmaster General the American Export Line must build six 7,000-ton ships of 14-knot speed by 1936. Just before Christmas the Shipping Board agreed to advance money for two 13,000-ton tankers costing $1,750,000 each for the Tidewater Associated Transport Corporation.

All this proves that we are going seriously into the shipping business, being urged to it by the deliberate policy of the present administration. There can be no real argument against the desirability of a merchant marine for a country situated as is the United States. Common sense demands that a percentage of our goods and passengers ride in American-flag ships; security requires that we have liners to supplement the navy in case of war. About one-third of our commerce is now carried in our own vessels. There is a demand that half ought to be so transported although that contention is open to question.

It is all very fine to be plunging ahead but there is reason why Chairman O'Connor of the Shipping Board regards with some concern the huge program suggested by the Postmaster General. International rivalries have brought about the furious building of fast ships. The German *Bremen* wrests the Atlantic record from the ancient *Mauretania*. A sister of the *Bremen* is almost finished. The watchful British alter plans for a ship that was to be big and it becomes a ship that will be fast. The French are breathlessly building. So are the Scandinavians. So are the Japanese. The mighty Mussolini finds time to speed the launching of swift and beautiful Italian racers. The result is already an oversupply of this type of tonnage.

Some weeks ago London was reminded of the real situation in the shipping business when the Royal Mail Line, which with its subsidiaries forms the world's largest maritime combination, passed a dividend.

The fact remains that our position in the commerce of nations makes necessary a merchant marine. If it can't pay its own way, it must be supported. The question is how much tonnage we need.

Of ocean going ships of 1,000 gross tons and over, the United States has in round figures, 10,500,000 tons. (This is a little less than half the English tonnage.) Private owners operate 6,600,000 of our total ten millions. The government-owned Panama Railroad has some 46,000 gross tons. The remaining 3,800,000 gross tons is in the hands of the Shipping Board. In the board's total is included 2,191,000 tons of laid up vessels, war-built units that could not be operated or sold at bargain rates.

When you examine into the speed of this tonnage the real American weakness appears. Our total in foreign trade is 4,000,000 gross tons. Only 851,000 of this represents vessels of 12 knots and over. And a 12-knot ship is a slow ship. The *Leviathan*—which did 28 knots on her trials after a Newport News rejuvenation—is the only really fast ship in our foreign merchant fleet.

The trouble with our fleet is the result of emergency construction during or after the war. Its bulk is general cargo vessels with a speed of less than 12 knots. Age too is important. Here is a comparison of ships of 2,000 gross tons and over with speed of 12 knots or more built during 1920 to 1928, inclusive, for ocean service:

	Gross Tons
Great Britain	4,606,107
Germany	1,388,781
France	701,081
Italy	555,139
United States	514,021
Japan	421,391

A significant fact is that Germany, which was deprived of practically her entire merchant marine by the war, is coming back fast with new and efficient tonnage. England has kept right on replacing old and expensive ships with newer and more economical ones. A factor already beginning to be felt against us is the motor ship which forms a large part of new tonnage of other nations and is comparatively small in our own. Motor ships cost less to run, space saved for coal bunkers and bulky engines can be devoted to cargo space and made to earn revenue.

In every instance building and operating costs are against the American vessel. American shipbuilding costs are from 50% to 66% greater than in England. This seriously affects fixed charges of interest, insurance and depreciation. An American shipowner pays $1,500,000 for a certain type of ship while an Englishman pays $1,000,000. The American's fixed charges are $225,000 or $75,000 more than his competitor.

Labor expenses tell the same story. The able seaman gets $60 monthly on a privately owned American ship. On British vessels he is paid $44, on German vessels $22, on French vessels $17. The average food cost per man per day was, in 1925, 45 cents on a British vessel and 57 cents on a corresponding American ship.

When you add to these factors intricate and unhelpful regulations, government competition, subsidies of rival foreign lines, inexperience in ship operation, and a tonnage surplus it looks like thick weather ahead for our merchant marine. But there are some powerful factors working in our favor.

There are two classifications of American ships which make a lusty and promising showing—the intercoastal and coastwise lines, and the industrial carriers.

Cheap money for new ships and the mail subsidy already have been mentioned. The Shipping Board shows a grim determination to sell its vessels and retire from active operation. Prices of some have been only a fraction of the original cost, which gives the operator considerable advantage in fixed charges. Also Americans may buy ships built in the lower cost yards abroad, but these ships must be run in foreign trade.

To these advantages can be added America's petroleum resources. Oil makes a perfect ship fuel and as long as it lasts will be a powerful aid in competition with older maritime nations.

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posts ledger, statement and proof journal (or other combinations of records) as one operation.

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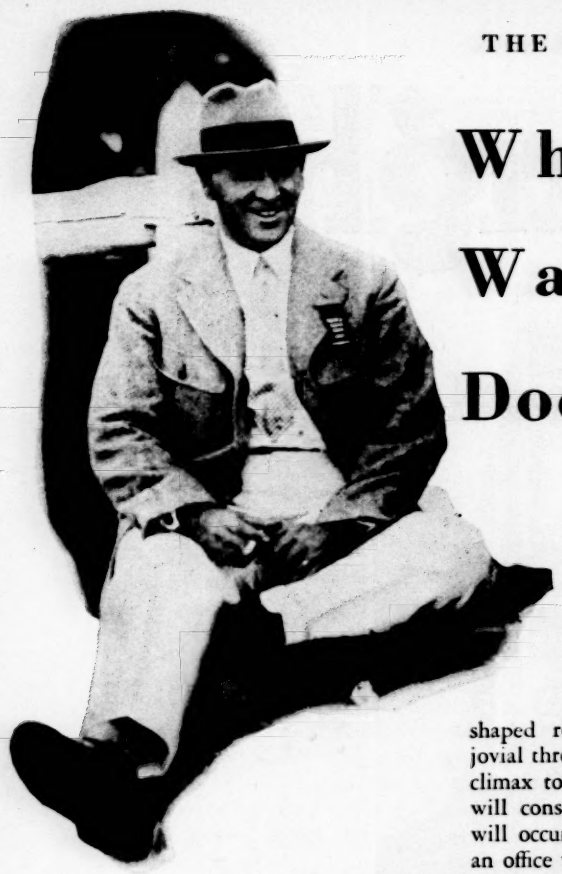

When It's a Man, Wall Street Doesn't Speculate

Chance plays no part in the choice of Richard Whitney to be next president of the New York Stock Exchange and all the stories about his luck are wrong

SHORT of canonization among the Saints, short of election to the Papacy, or, say, short of being chosen Lord Mayor of London, there is on earth no business of choosing a man to hold a job which is more encumbered with formalities and precautions and delays than one which got started last week.

Naturally the man was not named aloud, although every messenger boy in Broad Street knows who he is, although 2400 employees of the great institution which he will head recognize his smile from that of any other Wall Streeter, although most of his 1375 coming constituents say "Hello" to him. But 131 days will have been torn from the calendar of 1930 before there will be announced from a heavy little pulpit-shaped rostrum to an interested and jovial throng formal confirmation of the climax to all the elaborate steps which will consume four months. Then only will occur the real elevation into office, an office which is at once the most dramatic, ceremonious, important, and expensive elective office in the financial world.

It has been decided that the next president of the New York Stock Exchange will be Richard Whitney, 41, stockholder, huntsman, yachtsman, patrician, man of the panic hour, brother of a Morgan partner.

The steps in the process of installing dashing Dick Whitney in his exalted and unsalaried post have the solemnity that clings to pageantry. Last week there occurred the nomination of the nominators. On the second Monday in January these nominated nominators will be elected into real nominators and will set to work, as a committee, to nominate Mr. Whitney. But they will not do all that work vulgarly on any one day. They will pretend to consider, ruminate, investigate, consult. The second Mondays of February and March will be consecrated to these devotions. Only on April's second Monday will the committee, mature in thought and decision, report back to the members of the Stock Exchange that it has placed Mr. Whitney in formal nomination. He will be the only nominee. There is never more than one. In the impossible case of the committee's error in popular taste about a candidate, objectors could raise a real contest by the simple device of starting a posted petition to the Board of Governors. Such a horrible contingency has, needless to say, never arisen. On May 12, again a second Monday, Mr. Whitney will at long last cease to be a candidate.

The interesting thing about Mr. Whitney is that none of the interesting myths about him is true. It is not true that he is getting in despite his tender (financially) years because he was the lucky lieutenant who happened to be on the spot during the absence of the real captain. True, President E. H. H. (Harriman) Simmons was far away and Vice-President Whitney did shoulder the very arduous, very real administrative and disciplinary responsibility of the Exchange during days and weeks such as had never even been feared before. But he had been carefully groomed for the presidency for some years—intensively for one year because President Simmons, staying on under his own protests after five terms, had positively refused to allow his popular name to come up again.

The explosion of this particular "lucky lieutenant" myth is unfortunate because it disturbs the continuity of the general myth about its all having been a lieutenant's panic, a time for men of the hour, under-captains of the emergency. True, Mr. Morgan was in Europe and Mr. Lamont steered the flag-ship of Broad and Wall. True also, Mr. Mitchell was away and Mr. Gordon Rentschler silently managed until his Admiral came ashore to face the interviewers. True again, last but not least, Mr. Waddill Catchings was out West, but his partners and investment trust associates were there in full force, experienced men, all of them. Furthermore, everybody came

Ideal Flying Weather *NOW* in Los Angeles County

No snow.... no sleet.... no ice... no winter blizzards to interrupt aviation nor to slow down aircraft production here.

The days are balmy and clear. The sun is warm and invigorating. Though the calendar says "January"... winter is only a name.

This is Nature's gift to Southern California ... a priceless asset to the aircraft industry... an asset which is directing the attention and interest of air-minded people everywhere to Los Angeles County.

Southern California's year 'round equable climate means more days of flying... less hazard in the air, less plant investment, lower operation costs and increased labor efficiency.

Measured in terms of dollars and cents, it means to the aircraft manufacturer here more profit from plant operation.

Already most of America's major manufacturers of aircraft have established plants here and the future of Los Angeles County as the aviation center of America has been established for all time.

An interesting survey of facts pertaining to the aircraft industry in Los Angeles County has been made. It reveals astounding facts which every manufacturer interested in the aircraft industry should learn. It will be sent upon request to Industrial Department of the Los Angeles Chamber of Commerce.

Air-Minded

LOS ANGELES COUNTY

What is the short, sure way to more profits in New York?

Not just more *sales,* for beyond a certain point sales volume too often increases only at a prohibitive cost. So wise sales managers ask, "How can we

—*first,* raise sales volume in the metropolitan area to our New York quota—6 or 8 or even 20% of all domestic sales?

—and *second,* keep costs down so that profits will grow as fast as sales—or faster?"

Hundreds of concerns have found the answer

"Let Bush Distribution Service receive our goods, store them and deliver them for us. Bush does it better than we can and at lower cost, sometimes 30% less, sometimes 50%"—that's the boiled-down ten years' judgment in this rich metropolitan market of several hundred concerns that sell successfully dozens of types and kinds of commodities. Not merely emergency and seasonal merchandise, expensive and bulky goods, long style lines, and machines that require special installation service—but also the low price, small-unit items that go into chain groceries and drug stores.

What about YOUR goods?

Besides cutting your costs, Bush Service will build prestige for your products—since retailers do like the goods that come promptly, as wanted, no delays, no mistakes, no damage. And you may find it possible to finance working capital for promotion in the metropolitan area through the use of Bush Negotiable Warehouse Receipts.

Get full details in the free booklet "More Profits in New York." When you write for it, specify briefly your products and your method of sale, and we will supplement the printed book with a Bush Service letter telling just how we can help your business to more profits in New York.

BUSH DISTRIBUTION SERVICE

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100 Broad Street **New York, N. Y.**

Please mention this issue of Business Week

back pretty quickly except Mr. Morgan, who evidently wasn't worried; so the pretty lesson of the young men's grand chance cannot stand.

Another myth about Mr. Whitney is doomed to die one day. It is that he ran the market from a hole under the floor where he was stuffed along with Mr. Lamont, both trying to watch the behavior of Morgan stocks on the floor through some sort of periscope. There is no such hole, the cellar of the Exchange is a safe deposit vault, Mr. Whitney was on the floor as usual, and Mr. Lamont was too busy with other things.

Third, perhaps saddest of all, it is not true that Mr. Whitney rushed the Steel post headlong like a real bull crying "205 for 50,000 Steel!", when the shares of the United States Steel Corporation were being quoted at $195. Such action is outrageously against the rules, and besides Mr. Whitney is not such a bad broker as that or he could never be elected president. Moreover, the story that he ran the market for Morgan and the famed "insiders" until it was "saved" is not possible of confirmation and is highly improbable; firstly, because bankers, Morgan's men or others, never tell what they do with brokers any more than brokers tell on bankers; secondly, because there probably weren't any "insiders" and because the market was not "saved" anyway, but simply ran its course.

What did happen was much more simple. Mr. Whitney merely showed excellent capacity for dealing with a very stormy market, the Board of Governors, which had been grooming him for the presidency, issued a complimentary set of resolutions, taken by members to mean, —"Didn't we tell you this was a great young man?",—and the election ceremonies were set off as per schedule.

As for Mr. Whitney, he is up against a hard job and he knows it. For such a modest and pleasant man it is no fun to discipline unruly members—or worse—to keep a regular department store dealing in bits of paper functioning smoothly, to do the gallery guide for Crown Princes and Presidents of the smaller republics, to make speeches which must necessarily be tactful and dull, to visit other less interesting exchanges all over the world, to arbitrate, to mediate, to hold court. He would rather be in his stables out on his New Jersey farm, booted at dawn for a gallop behind the Essex Foxhounds.

SWIFT SURVEY OF BUSINESS ABROAD

EUROPE

By Special Cable to The Business Week

BUSINESS attention is focussed on The Hague conference which is still in an indecisive stage. Questions directly concerning the International Bank have been suspended pending the arrival at The Hague of the American representative, Jackson E. Reynolds. The location of the new bank promises to be a troublesome problem. Little publicity was given the recent announcement of an important Franco-German accord on December 31, in which France agreed to cease to liquidate, and to restore to the original owners, seized German property, notably in Morocco. It further decreed that the returned property is subject to French repossession unless retrocession terms are agreeable to the Moroccan government.

By Special Cable to The Business Week

Great Britain—Business interprets Snowden's cryptic budget references to mean there are to be lower import duties, notably on sugar and rayon. Announcement of a 9-months' treasury deficit of £133,000,000, compared with £97,000,000 in 1928, forecasts inevitable higher taxation, made more certain by proposed social welfare projects, and dampens hopes for any immediate business recovery.

By Special Cable to The Business Week

Germany—National political and economic reorganization, say observers, awaits only the end of The Hague conference, when Schacht policies, financial discipline, creation of a sinking fund, industrial insistence on tax alleviations, and Socialist demands for greater unemployment support will be outstanding problems. Unsatisfactory estimates of the year's railway earnings pledged to reparation services indicate the probable necessity of further unwelcome increases in rates, adding an economic problem. Reichsbank's first estimate of the total floating public debts of the national government, states, and municipalities is RM 5,000,000,000. Foreign loans last year totaled RM 640,000,000, compared with RM 1,640,000,000 in preceding year. United States participation in these loans last year was 63% compared with 76% the preceding year. Year's failures total 15,000, or a 40% increase over 1928, and were chiefly in the foodstuffs and textile industries. However, a relatively large number of provincial banks considered these failures a beneficial purgative. Michelin, once among the leaders in tire sales in Germany, now totals only 3% of total. Decrease is due chiefly to United States competition. It is reported that Michelin will build a factory for 1,000 workers at Karlsruhe in an attempt to stage a comeback on the German market through domestic manufacture.

By Special Cable to The Business Week

France—In contrast to British tax increases, France has inaugurated tax reductions, chiefly affecting agriculture, small trades, and securities, effective from January 1. It is estimated that this new move brings total tax reduction since July to 3,000,000,000 francs. The year-end gold reserve of 42,000,000,000 francs is equal to $40 per capita and is the highest in the world, United States per capita reserve being only $36.

By Special Cable to The Business Week

Italy—The Big Four among Italian banks—Commerciale Italiana, Credito Italiano, Banco Roma, and Nazionale Credito—have dissolved their cooperative discount agreement and are resuming independent discount savings rates. Commerciale, through the Commerciale Triestina, is extending its Balkan organization.

By Special Cable to The Business Week

Poland—Premier Bartel has formed a cabinet of relative moderation, notwithstanding fact that Pilsudski is Minister of War. Negotiations are reported with American Klopstock group to extend to cities in the Dumbrova coal basin by-product Silesian coke gas. Vienna says that the Harriman electrification project for Poland has been halted because of German AEG affiliations, though the plan is not yet wholly abandoned.

By Special Cable to The Business Week

Scandinavia—Signs of incipient business revival end a long depression period in Norway. Denmark's steady increase in agricultural exports has strengthened that country's domestic purchasing power, though new increases in German tariff are beginning to affect exports. Swedish business is healthy. Finland has raised duties on automobiles.

By Special Cable to The Business Week

Portugal—Following stabilization, the Minister of Finance has announced a program including railway extensions, construction of two hydro-electric plants, and development of irrigation projects. Private interests propose construction of a tunnel under the Tagus River at Lisbon.

By Special Cable to The Business Week

Spain—Position of Primo de Rivera is increasingly uncertain; peseta is weaker; business observers are pessimistic.

By Special Cable to The Business Week

Rumania—Larger revenues, restoration of a favorable trade balance, and the strengthened position of the National Bank benefit trade in the country. Spring, it is believed, will mark a turning from the long-continued depression.

By Special Cable to The Business Week

Greece—Construction, to begin soon, on a free port at the Piraeus is important to Mediterranean-Black Sea trade and to growth of national merchant marine power. A Federal Economic Council is being formed to plan more complete absorption of refugee population into the country's economic structure.

FAR EAST

U. S. Dept. of Commerce

China—Foreign trade is at low ebb due to a steady decline in exchange rate, but customs collections indicate imports and exports for all China were approximately 5% larger in 1929 than in 1928. All foreign loan and indemnity obligations secured by customs revenues are reported to have been met in full, including service on reorganization loan. Business in Manchuria is affected by the recent Japanese retrenchment policy.

SOUTH AMERICA

U. S. Dept. of Commerce

Argentina—If rains continue, the business situation should improve. Imports are declining, trading is quiet and money is tight due to demand for crop movement.

U. S. Dept. of Commerce

Brazil—A steadier trend of milreis has eased the money market; general situation is unimproved; more bankruptcies are expected. Coffee exports continue light.

Guaranty Trust Company of New York

140 Broadway

LONDON PARIS BRUSSELS LIVERPOOL HAVRE ANTWERP

Condensed Statement, December 31, 1929

RESOURCES

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	$430,004,522.35
U. S. Government Bonds and Certificates	170,535,098.93
Public Securities	32,134,571.76
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities	49,231,298.14
Loans and Bills Purchased	1,105,394,234.05
Real Estate Bonds and Mortgages	971,139.99
Items in Transit with Foreign Branches	7,504,444.90
Credits Granted on Acceptances	192,624,587.30
Real Estate	13,537,529.75
Accrued Interest and Accounts Receivable	7,381,904.44
	$2,017,119,331.61

LIABILITIES

Capital	$ 90,000,000.00	
Surplus Fund	170,000,000.00	
Undivided Profits	32,636,023.50	
		$292,636,023.50
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc.		13,310,986.57
Agreements to Repurchase United States Securities Sold		53,709,635.61
Acceptances		192,624,587.30
Liability as Endorser on Acceptances and Foreign Bills		155,548,545.34
Deposits	$1,224,551,049.63	
Outstanding Checks	84,738,503.66	
		1,309,289,553.29
		$2,017,119,331.61

This Company transacts a complete commercial banking business—international and domestic—and renders every trust service for corporations, individuals and governments.

Radio Has Record To Broadcast

IN volume of sales, 1929 was "radio's biggest year," measured in both sets and dollars. Home receiving sets sold in 1929 totaled 3,900,000, an increase of 22% over the 3,200,000 sets sold in 1928, according to careful estimates just completed by *Radio Retailing*, with the aid of industry leaders.

In addition to the ordinary radio sets, 218,000 radio-phonograph combinations were sold in 1929, an increase of 150% over the 81,000 sold in 1928. Radio sets and phonograph combinations sold in 1929, together totaled a retail value of $549,848,000.

Radio tubes sold in 1929 totaled 71,000,000 with a retail value of $177,500,000. Other accessories and parts brought the total retail value of all home radio sets and equipment sold in 1929 to $805,328,000.

Some overproduction developed during the late fall of 1929, but it is expected that the active Christmas business will be found to have cut down manufacturers' overstocks to a considerable extent.

Dealers made money during the year 1929 and their own stocks were generally in good shape when the temporary buying lull came in November.

Best information now obtainable from the radio industry indicates that there will be no new models or patterns offered during the early part of 1930. Instead, the trade and public will be given an opportunity to absorb existing equipment, thus stabilizing the whole price situation. Sales for 1930 should equal 1929. Radios on the instrument boards of private automobiles will be a noticeable development of the new spring cars. Outside selling, home demonstrations and increased advertising quotas will be the watchwords of the radio trade in 1930.

Electrical ► **Add Sales Faster Than Customers**

THE electrical industry starts the year with 1,072,390 more customers than a year ago and now has 24,257,160. Of this total, 19,721,490 are residential, 3,456,430 are served for commercial lighting and small power, 1,079,240 use energy, for the most part, as large power customers. In the last 12 years, the number of customers has increased threefold.

The total increase is smaller than in 1928, and the ratio of increase is less than that of energy output or revenue.

sold!

18% of all american motor cars
30% of one company's baking powder
24% of all american sewing machines
35% of one maker's razor blades
30% of one company's facial cream
44% of all american typewriters and accessories

in foreign markets

For years the principal exports from the United States were foodstuffs and raw materials. Now over 50% of our products sold in foreign markets are manufactured articles.

This trend is indicative of the growing opportunity that exists for the continued expansion of American business. For many products the present problem is one of intensifying activity in those markets where an investment will bring the most immediate return. The countries requiring more intensive cultivation can follow in order of their importance.

● An intimate knowledge of the determining factors can only be ascertained by investigations conducted within each country. The methods to be pursued in developing intelligent promotion must also rest on facts brought to light through local surveys.

Through fifteen main offices and ten sub-offices, covering fifty-eight nations, the J. Walter Thompson Company offers a world-wide system of market analysis and foreign advertising—an organization manned largely by native personnel operating under the direction of Americans. The total population covered by these offices is six times as large as the United States; the per capita buying power is far higher than generally realized.

● Through these foreign offices, the J. Walter Thompson Company offers American business accurate surveys. In advance we can locate markets, determine their importance, and forecast the investment necessary in sales promotion and advertising.

For full information please write us direct at our New York address.

J. Walter Thompson Company

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MAKE CHECKS PAID OUT PAY BACK A PROFIT

High Speed: The Instant Safe-Guard moves swiftly, a high speed machine for a fast moving age.

Full Vision: The amount is visible and can be verified *before* the check is written.

Complete Protection: The Safe-Guard entirely fills the amount line and in the same operation, macerates the payee's name—otherwise a vulnerable spot.

Personalizes: Every machine is equipped with your own registered number or, if preferred, your special private trademark or name — additional protection against forgery.

Insurance against Loss: A $10,000 indemnity policy, issued to every purchaser, insures against loss through forgery or alteration.

Your checks, like your letterheads or statements, convey a definite, unmistakable impression of up-to-date or old-fashioned methods. They are the show windows of your business. Make them pay back a profit by doing their share in helping to attract business.

The pace-setters — a list that reads like a who's who in every line of business — have standardized on Safe-Guard Check Writers. Their adoption of this method has made it the preferred check-writing practice of today.

As a result — checks written on the Instant Safe-Guard are recognized everywhere as the sign of an alert, successful business. They are a good-will asset as well as a positive protection against fraud.

Write for details and a demonstration. No obligation to buy.

SAFE-GUARD CHECK WRITER CORP.
Lansdale **Pennsylvania**

Golden State Now Steel State

THE recent purchases of Pacific Coast steel plants by both U. S. Steel and Bethlehem were logical steps in an organized program destined to make the far-western states important steel territory. Annual consumption of iron and steel on the Pacific Coast is 3,000,000 tons. Of this about 75% comes from eastern states, 5% from abroad and but 20% is supplied by local producers.

Sponsored by the California State Chamber of Commerce and other interested agencies, the coast steel industry inaugurated a cooperative movement in 1925 which has already had important results; more are promised. Annual conferences of six leading iron and steel groups discuss common problems. A traffic committee has been particularly active in extending markets to other western states. An advertising campaign has emphasized the benefits of buying locally-produced iron and steel products.

Output has doubled since 1923. Present annual capacity of California plants is 500,000 tons. Steel represents 20% of California's industrial structure. Columbia Steel Corporation—now owned by U. S. Steel—built a $4,500,000 tin plating plant last year. Pacific Coast Steel Company—now owned by Bethlehem—has added a bolt and nut plant. Each of these plants is the first of its kind west of the Mississippi.

Utilities ► **Eight More Join 10-Cent Fare Rank**

BALTIMORE joins the ranks of the 126 cities with 10-cent street car fares as a result of the decision of the U. S. Supreme Court this week empowering the United Railways and Electric Company to charge a flat 10-cent fare instead of 10 cents cash for single rates or 4 tokens for 35 cents as prescribed by Maryland Public Service Commission, upheld by the state Court of Appeals.

The decision also lays down a method of computing depreciation and is held to amplify significantly the opinion in the St. Louis & O'Fallon case. The annual allowance for depreciation, says the Court, is to be based upon present value of the property rather than original cost.

Eight cities went over to the 10-cent fare in 1929 when the average fare increased an eighth of a cent, from 7.71 cents to 7.78, or approximately 1%.

Wholesaling —Another Unemployment Problem

Everybody is after the middle-man's job, so he must find a new one—perhaps the manufacturer's, perhaps the retailer's

CHAIN stores are springing up like mushrooms. Cooperative "voluntary chains" are growing still faster. Today, each of these groups comprises approximately 60,000 units.

Manufacturers are merging to save distribution expenses. Grocery manufacturers are setting up a chain of central warehouses. Drug manufacturers are considering the same plan.

Wagon delivery from manufacturer to retailer is being extended into new fields; Fleischmann's yeast is delivered in this way; so are coffee, gelatine, mayonnaise. Manufacturers are sending out their own salesmen to drum up business for the wholesalers. They maintain "hidden demonstrators" in large retail establishments. They use national advertising to "pull the goods through the wholesaler." They supply retailers with window displays for their products.

The effect of all this on the health of the nation's wholesale trade is set forth in the impartial indices of the Department of Commerce. These show that, whereas, on the retail side, department store trade has risen from an index figure of 98 in 1923 to 110 for the first ten months of 1929, mail order sales from 89 to 175 in the same period, five-and-ten-cent store business from 88 to 163 in the interval, wholesale trade, standing at 101 in 1923 has sagged back to 100 for the first ten months of the last year.

"Twenty years ago," said J. D. Tew, president of the B. F. Goodrich Company, in a recent address, "the manufacturer's responsibility to his dealers could have been summed up in one sentence—'We must deliver a satisfactory product which will protect the dealer's reputation and our own; fill orders correctly, make reasonably prompt shipments, bill at a fair price, and collect the billing.' From that point on, the responsibility lay entirely with the dealer."

AT that time the wholesaler was the central figure of trade. He decided what he wanted to sell. If he couldn't find a manufacturer making it, he set one up and financed him. After having put his own brand on the goods, he himself warehoused them, often advancing the money for them to the producers. Then he turned around and pushed these goods with the retailers. He gave them liberal credit so that they had time to sell and get their money before they had to pay him.

But, one by one, the wholesaler has been losing control of what were then considered the natural and essential wholesaling functions. Today, banks are financing the producer. A modern manufacturer would scorn the suggestion that he apply to his wholesalers for a loan. More than any other factor, national advertising has loosened the wholesaler's control of distribution. Because of it, he has lost his freedom to choose the goods he would handle. Advertising and manufacturers' demonstrator-salesmen sell goods to the retailer, and wholesalers either carry these goods or lose the business.

The weakening of the wholesaler has thrown the selling burden back on the manufacturer. What the latter has started he must keep up in order to beat his competitors; so all that is coming to be left for the wholesaler is order-taking after others have made the sales.

HAND-TO-MOUTH buying came into fashion after 1920. The retailer then began to operate on a narrower margin of supplies. The wholesaler found himself unable to sell the usual case of canned goods to retailers who had calls for only a few cans. Naturally, the new buying policy resulted in the retailer's running out of stock more often than formerly. The wholesaler's calls for quick delivery multiplied. Here, again, he lost a trick. He tried hand-to-mouth buying too but found it difficult to combine that with the ability to have stock in store when the retailers called for it. So he passed the rush orders back to the producers—and retailers soon learned that they could get goods more quickly (and get more sympathetic attention when their need was great) by going direct to the manufacturers.

The logical next step was for manufacturers to begin keeping supplies of their products scattered over the country in warehouses from which even quicker deliveries could be made. This helped the retailers in their hand-to-mouth buying—and it took away from the wholesaler another reason for his existence.

Chain stores, stores which do their own buying direct from manufacturers, have been steadily multiplying. Now cooperatives of retailers buy in this way. Department stores and large specialty houses have grown in number and size and they, too, buy direct. Together, these groups have taken away from the wholesalers two-thirds of the total flow of business.

Furniture wholesaling is being re-

placed by furniture marts to which retail buyers come. Now comes word of a machinery mart which will reduce the importance of the "manufacturer's agent."

Wool farmers are planning a national sales agency. The wholesaling function in wool distribution will be shifted from the offices of the wool jobbers to this central sales office.

Grain commission men, one of the middlemen groups in the grain trade, are agitated because the farmers' cooperative, with the help of the Federal Farm Board, seems to be getting into a position where it might be able to get along without them. Similar signs of the trend can be read in the record of any trade.

THE wholesaler of today, unless he has developed his own retail chain or established himself as the buying unit of a retailers' cooperative, finds only three real functions left to him: he is an order-taker for the manufacturers; he extends credit to retailers; he still maintains physical stocks of many lines of goods. The latter function is slipping away rapidly. It has about gone in the food industry although it still exists in drygoods and hardware. The extension of credit to retailers, many wholesalers are trying to reduce or eliminate. But their stiffening of credit terms has forced retailers to seek credit from other sources.

In the mad scramble of overproduction in search of markets, no wholesaler can long exist unless he performs his quota of the increased selling effort and service. In some cases he has done so. Manufacturers in the electrical industry have found his service so indispensable that they have established new wholesaling organizations geared up to modern methods and speed. They have even helped to set up an independent organization which handles competitive products. But this organization is one of the exceptions.

With modern means of communication and of transportation bringing the manufacturer and retailer into even closer touch, the small wholesaler finds it difficult to control sufficient business to attain the necessary effectiveness. A study of his present reactions to the situation indicates that his salvation may be sought in three directions. He may increase his coverage, buy out competitors and reorganize to serve entire economic regions, as in the electrical trade; he may establish or control his own retail outlets, as in the grocery trade; he may secure control of the sources of his goods as in the drug trade. He must do a better job or a bigger job or he may soon be left without any job at all.

The Window in the Wall—

For the business man surrounded by his own business, walled in by the job of getting the day's work done, The Business Week is a window in the wall. Through it, streams a flood of light from without, light to work and plan by, light on the problems of his own business. Through it, he sees the wide panorama of business in all its varied activities, he sees his business in relation to the whole.

Chemical Industry in 1930

1929 was a record year • 1930 may not equal it in all lines but will come close in most • It will bring impressive new developments and some pressing problems • Newer small independents are worrying the new mergers • The industry needs a lesson in marketing • Plants that hang on to old equipment, old methods, may get one in production • No curtailment can hold down research • The automotive recession may cut business • It may also encourage new outlets • Everyone will breathe more easily when the tariff is settled

CHEMICAL industry has always been something of an enigma for soothsayers. Perhaps it is because it is so new, relatively speaking, that it has no adequate background from which to chart its future behavior. Perhaps it is because it is so diversified in products and markets as to be in itself a veritable barometer of business. More likely, perhaps, it is because the chemical industry is constantly changing in size, scope and influence. Born of the kinetics of chemical reaction, it grows by revolution more often than evolution.

All of this, for some strange reason, has kept chemical industry more or less immune from the depressing influences that are now giving concern in some industrial quarters. The very fact that the industry is not hide-bound with precedent or long experience in the negative arts of curtailment and retrenchment has helped it to overcome the purely psychological aspects of the present depression. With its diversity in markets, there is a convenient flexibility about the whole structure that permits it to shift production quickly and with minimum expense. And, although this process of constant change in processes and products gives a certain instability to the individual enterprise, it nevertheless serves as a sort of gyroscopic stabilizer for the industry as a whole.

The present finds chemical industry in the pink of prosperity—yet not too pink—for there has been no reckless inflation in either production or distribution. Prices have been low, yet they provide profitable margins. Stocks, for the most part, have not been excessive. The normal volume of contract business, which includes the bulk of all chemical transactions, has continued to flow without any noticeable backing-up, except in a few instances of materials destined for automobile manufacture. Lacquers, solvents, pigments, rubber and glass may all be affected, yet, to date, the recession has not been marked. And through cooperative effort, notably among the alcohol and solvents manufacturers, there has been a diversion to more lucrative fields (anti-freeze solution, for example) which has compensated for the less friendly attitude in Detroit.

IN the meantime, chemical industry is all set for some impressive new developments in 1930. Synthetic nitrogen is a case in point. In 1929, seven American plants produced 100,000 tons of synthetic ammonia—something more than three times the output of the previous year. Today, daily capacity is in the neighborhood of 500 tons and new plants are under construction in California and in Michigan. Allied Chemical and Dye—without going to the securities market for the money—is constantly expanding the $125,000,000 project it began in Hopewell, Va., in 1928. This year for the first time, the Chilean nitrate producers met real competition from American made sodium nitrate. Imports for ten months of 1929 indicate that the Chileans lost just about 80,000 tons of our business last year.

DuPont, with a $25,000,000 program of plant expansion and modernization, is strengthening a network of 67 plants that cover the entire country—with several convenient nuclei for foreign development. American Cyanamid, whose voracious appetite is still unsatisfied despite a half dozen mergers and consolidations, is looking forward to extensive development in Southern States. Union Carbide —working with feverish activity to increase capacity and perfect the final steps in the commercial application of ten years of research in an entirely new field of chemistry—is going ahead at Charleston, W. Va., at Niagara Falls, N. Y., and elsewhere.

New cellulose acetate processes and plants for rayon, transparent plastics, lacquers, and shatter-proof glass are being rapidly pushed by such groups as U. S. Industrial Alcohol and Eastman Kodak. Mathieson Alkali, having completed its modernization program (as nearly as that is possible in chemical industry!), is turning to entirely new fields for important developments. Others, too numerous for cataloging here, are now beginning to translate the research of the laboratory into the plant processes that show up on the opposite side of the balance sheet.

THE research responsible for these developments has been going on for a long time and must necessarily continue, for few other industries are so absolutely dependent upon research. The chemical industry originated in the research laboratory, its maintenance and present progress depend upon scientific supervision, its ultimate future is entirely in the hands of the chemist and the chemical engineer. In the depression of 1921, a few chemical industries curtailed research—with

more or less disastrous consequences. Today there is no such attitude on the part of management. Ten directors of research, reporting to *Chemical and Metallurgical Engineering,* have announced research programs that, in the aggregate, will total $25,000,000. In many instances, this represents increases of 25 to 50% over 1929.

New laboratories are being built and research facilities extended by such organizations as DuPont, Hercules, Corning Glass, Davison Chemical, Aluminum Company and American Cyanamid. The present viewpoint is aptly stated by the president of one of the largest rubber companies: "We believe research one of the most important parts of our business. During times of depression the department is even more vital, if possible, than in so-called boom times."

FORECASTING is hazardous in any industry and is particularly difficult in the chemical industry because of the complexity of the structure. Basic heavy chemicals, such as the alkalis and mineral acids, must continue to increase in order to meet the mounting requirements of rayon and the new chemical fertilizer industry. Conservative estimates for the balance of the field would put the total at perhaps 3% to 5% less than the present record output and 5% to 10% over 1928. The industries most likely to be adversely affected by a delayed recovery of the automobile industry are rubber, lacquers, paints and varnishes, pigments, coated fabrics and electroplating materials. None, however, faces prospects of falling much below 90% of the 1929 production. On the other hand, the 50% increase in synthetic ammonia will have a sympathetic effect in new phosphoric acid and other concentrated fertilizer developments—promising interesting competition for Chilean and German suppliers.

Not all of the chemical picture, unfortunately, can be painted in such rosy colors. The industry faces some problems of major or minor importance. Mergers, in some cases, have been too large, too rapid and too poorly planned. A painful process of assimilation is necessary if certain of the groups are to survive the competition of small new units that are springing up now with increasing frequency. The old problem of rapid obsolescence of plant and process is still to be solved by a few of the older industries that will cling on for a time before admitting defeat and turning to the newer technology. Marketing methods have been neglected during the recent period in which production, though increasing, has never quite met the growing demand. With the situation reversed, some chemical industries are going to have to apply prompt and vigorous measures in order to revive aggressive salesmanship. Advertising, which has never had any spectacular part in developing markets for chemical materials—in contrast to equipment—will have to be studied and applied more effectively than in the past.

Finally, the uncertainties of the tariff situation rest heavily on chemical industry, for foreign competition is no idle threat and the industry sees the present duty levels as the minimum at which it can hold its own. Muscle Shoals, the hardy perennial, still has the characteristics of poison ivy as far as most of the industry is concerned. As long as it remains idle, it is going to have a retarding influence on the further development of the concentrated fertilizer industry, now struggling for a foothold in the South.

The way out for chemical industry is not essentially different from that for other industries facing similar difficulties. The Hoover doctrine of old-fashioned work will have to be modernized a bit in the light of present methods. Much of the research technique that has played such a part in developing the flexible and efficient production structure must now be applied in strengthening marketing machinery and distribution methods.

MADE by G. P. & F., every teletype case is exactly alike, ready for our customer to put in his production line and keep down assembly costs.

G. P. & F. experience, equipment, and production methods insure the handling of so difficult a job and producing this strong yet light case in large quantities at low prices. Stamping, forming, pressing, building-up and welding operations are required.

The G. P. & F. 19-acre plant, with every known production facility and 1500 skilled workmen, has a capacity of over 100,000 parts daily—anything you need from simple pressed or formed metal parts to complicated, deep drawn intricate shapes and designs. And 50 years' experience in pressed metal work enables G. P. & F. engineers to make valuable suggestions in designing new products or improving old ones—in modern style effects and finishes.

Send a rough sketch or sample for suggestions and estimates. There is no obligation. 1930 Booklet "In Harmony with Modern Progress," sent on request.

Built-up steel cases (every one exactly alike) used on modern teletype machine, a device used to transmit typewritten messages by wire

Clip This Reminder for New 1930 Booklet "In Harmony With Modern Progress"

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Please send your 1930 Booklet, "In Harmony with Modern Progress," to the address below. It is understood the writer is not obligated.

Name.....

Company Name.....

Address.....

INVENTORY YOUR TERRITORIES, TOO

PEOPLE are important to business, to *you*, not in terms of How Many, but How *Much*. Per se it is not important that the incorporated area of Atlanta includes three hundred thousand or more people. Nor that the overnight circle encompasses eighteen million.

What these millions are able to buy is the important fact.

It has been estimated that an $8,000 income in Atlanta is the equivalent of a $12,000 income elsewhere,—for the Atlanta dollar buys a higher standard of living than elsewhere. In other words, the margin is greater for comforts, for luxuries—for the things you sell.

And this year you who sell luxuries and semi-luxuries will need more than ever to search out fields where your kind of goods can be bought.

This is inventory time. Make a careful analysis of your major territories. Find out the *true* purchasing power in each, the sales you are making in each, the sales you *should* be making in each.

The South is a vital market. Its purchasing power has trebled in the past ten years. It has far outrun the ability of statisticians to record the growth that is taking place. Yet you are apt to find your Southern volume under your expectations—unless you are operating from a branch in the South.

Modern marketing conditions have made it necessary to put a branch in each major market. Your trade expects "overnight" delivery—and your Southern trade looks to Atlanta, because fifteen main railroad lines reach most quickly to the whole rich territory and because America's outstanding concerns, already here, have created the habit.

Branch offices in Atlanta have a way of growing into branch factories. Improved distribution facilities increase volume, to the point where a branch factory becomes practical. Fundamental economies in the Atlanta Industrial Area make it an unusually desirable location, with efficient labor, plentiful raw materials, low taxes, low-cost power, low ground rents, low building costs, equable climate and many other factors all helping to lower production cost and increase profits.

Can we help you make your inventory of the South? The Atlanta Industrial Bureau is organized for the job. It is ready to go out and develop a first hand study especially for you without charge or obligation, and in the strictest confidence. The work will be started at once if you will write,

1929 Prosperity assures Big Southern Business in 1930

INDUSTRIAL BUREAU, CHAMBER OF COMMERCE
191 Chamber of Commerce Building

Send for this Booklet!
It contains the fundamental facts about Atlanta as a location for your Southern branch

ATLANTA

Industrial Headquarters of the South

The "Bear" Market Is a Bull Market

Russia's stock rises with steady increase in imports of American machinery, commodities and brains

"THERE are better prospects for American business in Russia than in any other country. The sooner we see this the better it will be for our general domestic situation." So, vigorous, brisk, Colonel Hugh L. Cooper sums up the Russian situation after four years of commuting between his New York office and the Ukraine where he is supervising the construction of the $110,000,000 power project on the Dnieper.

"After four years in which the value of American machinery shipped to Russia has increased from $3,705,960 to $40,200,000, I know of no manufacturer who has been dissatisfied with Soviet credit. Payments are prompt, and in gold."

From Amtorg Trading Corporation, business agents in the United States for the Soviet, come year-end figures to substantiate Colonel Cooper's optimism. Total Soviet-American trade for 1929 is estimated at $155,000,000, against $101,000,000 for 1928. Orders for United States goods amounted to $94,500,000, or nearly three times the $32,300,000 shipped during 1928.

Dramatic is the rise of the Soviet in the ranks of the importers of American goods. In general, these imports have been in three classes—only two of which figure in annual statistics—cotton and industrial machinery. American technical skill is the third; technical assistance contracts increased from 10 to 40 during 1929 and more than 50 engineers have been employed individually.

Less cotton is being imported each year as native lands are irrigated and planted, and increased planting regions are developed. Not so the trend of industrial machinery imports. In 1925, the Soviet, with machine imports valued at $3,705,960, ranked fourteenth in our customer group; a 25% increase in 1926 shifted the Soviet to tenth in the ranks; a 40% increase in 1927 brought machine import values to $6,725,762, ninth place; in 1928, to $8,854,876, fourth place; in 1929, to $40,200,000, official ranking not yet established. These figures contrast with total industrial machine exports to Czarist Russia in 1913 of $1,848,863.

Figures for 1928 machine exports show some interesting trends. The Soviet was our best buyer of wheel tractors, refrigerating equipment, road rollers, derricks (except mining), and coal cutters. For 14 other products—ranging from tabulating machines and roller bearings to excavators and weaving machines—the Soviet held second place among foreign customers. Only two countries buy more cotton gins, miscellaneous mining and quarrying equipment, air compressors and a half-dozen other "assorted" machines. Statistics for 1929 are still not itemized but will show large gains in the agricultural machinery, oil well equipment, structural, and automobile classifications. Eight boats will sail from New York for Odessa and Novorossiask before the end of January with tractors and farm machinery contracted for delivery before March 1. More than 200 steamers were specially

International Photo

MARCHING AS TO WAR

With scythe and pitchfork, to the rattle of a drum, Russian children parade into the fields to help the peasants during the height of the harvest. American machinery, being purchased in increasingly large quantities, is fast supplanting the crude hand implements of Soviet agriculture

chartered for Soviet-American trade in the fiscal year 1928-1929.

Further evidence of the truth of Colonel Cooper's estimate of the land of the Soviets as a field for export of American brains, as well as products, is the year-end statement of Manager Saul Bron, chairman of the board of directors of the Amtorg, that new engineering contracts have recently been signed with Goodman Manufacturing Company, Arthur G. McKee & Co. (preliminary agreement for the construction of the Magnet Mountain Steel Mill in the Urals to produce annually over a million tons of pig iron), Albert Kahn & Co. (preliminary agreement for general consultation services on industrial construction), and Oglebay Norton & Co., and that negotiations regarding additional technical assistance contracts are now under way with two-score firms.

Balm to worried exporters in the industrial machine field is the rapidly increasing tempo of Soviet-American trade, the prospects for record exports in 1930. More than one-half of all last year's shipments (about $29,300,000) were made in the last three months of the year, showed an increase of seven times the figure for the corresponding months of 1928.

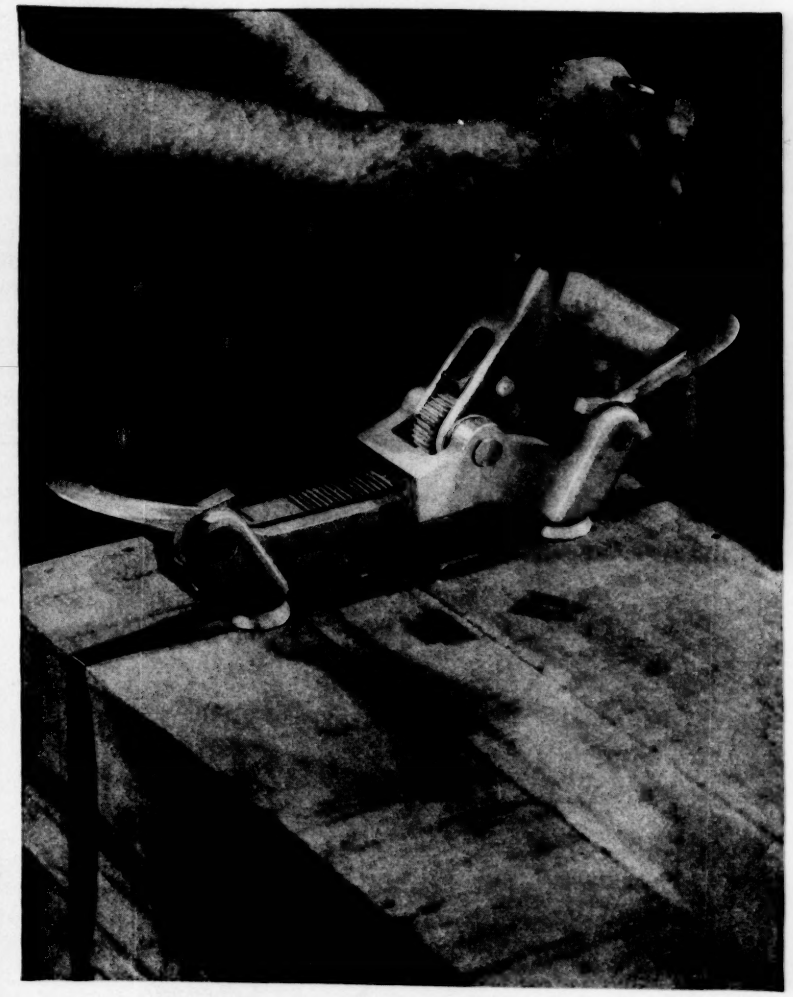
With industrial production ahead of the schedules of the Five-Year Plan, Soviet authorities have decided to spend in 1930 on new construction and improvements in industry alone a total of more than $2,000,000,000, double the figure of 1929 and 50% greater than originally planned. Wide-awake exporters are after a share in this trade. Even unrecognized, the Soviet stands well to become our best European customer.

▼

Construction ► **Plumbers Spoil A Venerable Joke**

ABOUT 3,000 of America's 35,000 plumbing houses have trucks so completely equipped that the plumbers are sure to have all their tools and materials with them, regardless of the nature of the job. But only the George Winburne Plumbing Company, of Wichita Falls, Texas, has capitalized the idea to its fullest extent. The Winburne truck is boldly labelled "Plumbing Shop on Wheels," and the business card of the company bears the slogan, "The job is free if the plumber has to go back for tools or material."

In the last three years the company has twice made good on this promise.



"Bound to get there" REG. U. S. PAT. OFF.

Regardless of the kind of shipping container you use, there is an Acme Strapping Tool and a size of Acme Nailless Band that will safely reinforce it—quickly and economically..... Special Acme tools have been designed for strapping every type of shipment, from parcel post packages on up to bundles weighing tons..... Entire car loads of freight are strapped in secure damage-proof units with Acme Unit-Load.

Write to Acme Steel Company, General Office, 2832 Archer Avenue, Chicago, for literature.

1880 ACME STEEL COMPANY 1930

OUR GOLDEN ANNIVERSARY

What the Leaders Are Saying

SIGNOR FALDELLA, managing director of the Italian Fascist Automobile Dealers Association, following tour of inspection in the United States:

"In Italy, heretofore, automobiles have been taxed as luxuries and because of the high tax and high operating costs, based largely on taxes, the development of motor transportation has been materially retarded. It is hoped by Premier Mussolini that the Italian people can be shown the economic advantages of motor transportation and that thereby taxes can be reduced, and the contributions to public welfare which will result from motor transportation will accrue to the Italian people."

ALVAN MACAULAY, president of the National Automobile Chamber of Commerce and president of the Packard Motor Car Company:

"Every manufacturer whose business will allow it should regard as a prime essential the creation of a reserve fund that will enable him to keep production on an even keel, and carry surplus stock to the periods when there is heavy demand in the market for his goods.

"I don't like any plan that would force employers and employees to contribute to a fund, because I don't believe that most economic ills can be cured by legislation. I do not believe individual effort should be interfered with or regulated by the State."

Progress in trade is a mutual thing, and the gain for one nation means gains for others.—Secretary of Commerce Lamont.

O. P. HOPKINS, acting director, United States Bureau of Foreign and Domestic Commerce:

"Last year, for the first time since 1920-21, shipments of American merchandise abroad exceeded $5,000,000,000. With a value of $5,284,000,000, they were one-half larger than the United Kingdom's exports of British goods and three-fourths greater than Germany's domestic exports."

EUROPE is pessimistic over the outcome of the tariff truce conference. Speaking for the Chamber of Commerce of Roubaix, center of the French textile industry, one member says:

"The idea of a tariff truce is absolutely incompatible with the present world economic position at this moment and with that of France in particular. The principle contained in the scheme would make any attempt at its application now impossible. Serious consideration of a tariff truce is a realization which cannot be envisaged before the lapse of a very long period."

RELEASED from long captivity in the Vatican, Pope Pius XI looks at the world and decides that *the greatest lack in the modern age, the principal source of evils we all deplore, is the lack of reflection.*

SIDNEY BLUMENTHAL of Shelton Looms, before a recent symposium on relation of manufacturing to design: "Efficiency in American business methods has reached a point where it has a 'faintly bad taste' and America is now striving to form an artistic personality by applying idealism to its activities."

RUMINATING, President J. J. Bernet of the Chesapeake and Ohio offers: *Kid the other fellow if you want to, but don't kid yourself; there's nothing in it.*

Now The ONLY Calculator that is 100% ELECTRIC

BY ADDING *automatic electric carriage shift* Marchant has become the *only* calculator that is *100% electric.*

The slight pressure of a button shifts the carriage in either direction at will, greatly increasing speed of operation while eliminating work.

Now you can operate the Marchant entirely with one hand, and by touch, while keeping your eyes on your figures. All the *work* is done electrically.

Again Marchant Leads!

Adds Subtracts Multiplies Divides

MARCHANT ALL-ELECTRIC Calculator

5 exclusive improvements that make all other calculators obsolete

Whatever your figuring problems, you should investigate this remarkable new model at once. Ask about this new feature and the *five* exclusive improvements that make all other calculators obsolete.

Have the Marchant demonstrated on your own work, under your own office conditions. This proof of its superiority, its greater speed, its greater ease of operation, will be a revelation to you.

Ask us for full information. Or phone our representative.

Sales and service offices the world over.

Electric, hand operated and portable models as low as $125

17 years building calculators, nothing else

Send for this FREE BOOKLET

MARCHANT CALCULATING MACHINE CO.
Dept. 78, Oakland, California
Please send me booklet and full information about
☐ All Electric Calculator ☐ $125 Portable Calculator

Name_____
Firm_____
Address_____
City and State_____

A New Boss For American Industry

How far will the investment trust dictate the management of corporations in which it holds securities?

AMERICAN business has a potential new boss: Investment trusts. How far will they dictate the management of corporations in which they hold securities?

Some American corporation presidents haven't had any bosses at all for lo, these many years. Stock democratically scattered makes the president an autocrat. In one important company no individual holds more than 1% of the stock. The elected president is more powerful than any stockholder. What stockholder with a headache or a caprice can issue unintelligent orders to President Gifford of American Telephone? Boards of directors may check, approve and discuss as the Senate checks, approves, discusses, and sometimes thwarts the "world's most powerful ruler" but they can never quite keep up with a swift, busy executive.

However, the stockholder has now magnified himself, by the familiar American device of incorporation, to a size which can cope once more with the active executive. Will the corporation president, who has escaped one boss, welcome another?

"American corporations have been not nearly so responsive to stockholders as British corporations," says F. H. Sisson of Guaranty Trust Company. "British corporations are owned largely by small groups of professional or hereditary investors who make a profession of being present at stockholders' meetings to look after their interests. They even heckle the management. Madison Square Garden or the Yale Bowl wouldn't hold an appreciable percentage of the stockholders in American Telephone and Telegraph or General Motors.

"Officials of investment trusts, owning large blocks of stock, could physically attend meetings. A trust official is a financially skilled, professional stockholder. He could conceivably be a check on the president's management. With holdings large enough he might demand a director having a voice in policies. If a trust owns a majority or controlling block, the corporation president might have to act always with an eye on a unit which could unseat him at will, or might continually consult its desires."

WILL investment trusts exercise this power? That depends on the trust. Organizations which christen themselves "investment trusts" are of varied species. Some investment trusts have evolved from the trust departments of banks and naturally retain a feeling of strict fiduciary responsibility for the principal of their funds. A second group of investment trusts was formed to let the public of small investors in on "the ground floor" or at least on the tenth floor of the towering skyscrapers of speculative or development profits, opportunities hitherto restricted to the big investor. These might be more aptly named "speculative" or "common stock" trusts.

A third genus under the nom d'affaires of investment trust is nothing more nor less than a holding company within one industry, such as public utilities, created to facilitate buying or controlling companies and uniting them either into corporate form, or through sympathetic policies to achieve economies or a new scale of growth. These investment trusts let the little fellow into part of their ownership and obtain the use of his capital. To expect that such an investment trust will refrain from interfering or guiding the management of companies it practically owns would be to go against the purpose of these trusts' creation. In fact, many investment trusts of this type hire a staff of management advisors, or even take over by contract the management of controlled companies, and thus become, either of themselves or through an affiliated company, management trusts.

A fourth kind of investment trust is

Serve the nation's greatest plants

Campbell's Soups . . . Heinz . . . Stetson Hats . . . Timken Bearings . . . Westinghouse . . . Standard Oil . . . the roster of the great in the nation's industries is the roster of those who use Jenkins Valves. The efficiency and economy of Jenkins commend them for all plant piping.

JENKINS BROS.
80 White St. New York, N.Y.

Jenkins
VALVES
Since 1864

WALKER & DOWNING
Advertising
OLIVER BUILDING
PITTSBURGH, PA.

"ONE of the few outstanding industrial advertising agencies in the United States." Years of experience with practically every phase of industrial advertising, enable us to not only render far better service than a "general" agency—but to also do the work with a minimum of expense and delay. Contacts by Principals only.

CINCINNATI
Time Recorders and Job Clocks

Over 32 years the choice of thousands of leading organizations. More than 50 models. Factory branches in principal cities.

The Cincinnati Time Recorder Co.
Dept. M, York and Central Ave., Cincinnati, Ohio
Est. 1896

Cincinnati Telechron Time Systems are entirely automatic. Plug into any A. C. socket.

This advertisement appears regularly in leading magazines to keep the name of this Company before you. Write for information.

formed by big operators to agglutinate to themselves masses of additional money gathered from small investors—money that they can apply strategically to situations where it will give them the most advantage, such as to the purchase of companies or controlling blocks of stock in companies. They wish to dominate, improve or conceivably milk. These investment trusts are corporate free lances, able to move nimbly, select their opportunities, and become extremely constructive or, conceivably, extremely destructive. Such a trust could be used as a terrific weapon when handled by the wrong kind of adventurer or egotist. Or it could be a marvelously effective tool for rapid, economic improvement by men of vision and ability.

This kind of investment trust always stands ready to brush aside the present management of the company which does not fall in with its purposes and policies. Even in this case, however, the sincerely constructive trust organized to earn huge profits by equally huge economic improvement, would far prefer to use existing personnel, policies and methods if they can be aided, freed, energized or adapted to larger purposes.

The second group of trusts, which should be called "speculative," "common stock" or "business risk" trusts, would probably not desire to have anything to do with management of policies, unless the latter took a sudden change for the worse. The trusts select for their investment those companies of whose management, policies and profits they already highly approve. Such a trust would interfere only in the same cases in which a commercial would interfere—reluctantly, as a last resort to save an equity, and in the hope of getting out again at the earliest safe moment.

Finally, the first and original variety of investment trust, with a high consciousness of fiduciary responsibility, seeks safety first like an insurance company or a savings bank. They arose to serve multitudes of small investors who cannot afford to lose. Such a trust will play safe. That means safe stocks with a pretty sure return, but safety also means a diversification of investments. Diversification means that the trust doesn't own enough of any one company to have its voice heard by the management, even as a whisper.

"A general management investment trust with $100,000,000 splits it among a hundred companies," says an official of one of these companies. "When you have $1,000,000 in a modern corporation, you haven't got much—and little influence. An investment trust doesn't find it economical to buy into small companies where its million could have an effect. Risk involved is too great, except in the case of a few small companies we know well."

THERE are many more than 100 companies in the United States so big that a million would scarcely buy one spark plug of the complete car. One hundred, or even two hundred, investments doesn't make too unwieldy a portfolio. Then every item can be watched as an investment. A good list of a hundred would include half a dozen banks, half a dozen utilities, and so on.

The investment trusts' influence on management is very much less than that of banks.

Investment trusts are so young that for lessons of experience we would have to go to the nearest analogies, such as insurance companies, which hold billions in securities. Insurance companies' holdings are mostly restricted to bonds, not common or voting stock, but they could doubtless compel attention in many situations. Yet Albert Conway, superintendent of insurance for the State of New York, says unequivocally: "No instance where an insurance company has interfered with the management of a commercial corporation has ever come to my notice."

TRUSTEES of estates are small-scale analogies to the more conservative investment trusts. "General policy of trustees," says J. J. Graber, Jr., assistant vice-president of the Equitable Trust Company, "has been not to execute proxies to vote at stockholders' meetings unless the trustee owns a majority of the stock. Otherwise, he even refrains from taking a position on any policy. Only in rare emergencies does he enter the situation.

"By exercising a proxy a trustee takes a greater responsibility than he wants to seek voluntarily because his recorded vote might be legally taken as an outright approval or disapproval of the corporation's policies and acts."

No investment trust of the conservative kind has owned a sufficient proportion of the stock in any big company to approach within shooting distance of Mr. Graber's boundary mark, a majority.

Wide Reading

HEALTH—THE BUSINESS OF EACH OF US. *Survey Graphic,* January 1. Why medical care seems so crushing an item in middle-class budgets, while hospitals labor under deficits and doctors seem no richer than the rest of us, is dilemma considered by 16 eminent observers in this special issue.

PRESENT-DAY HIGHWAY FINANCE PROBLEMS. *Engineering News-Record,* January 2. Special number devoted to sound financing plans and suggestions for future progress of good highway expansion.

RECORD GRAIN PURCHASING CAMPAIGN NEARING COMPLETION. *Economic Review of The Soviet Union,* January 1. Collective farming, most questioned and heretofore least successful effort of the Soviet, surpasses Five-Year Plan requirements—covers in part "inflation" of recent months.

CO-ORDINATION OF RAILWAY AND HIGHWAY SERVICE. *Railway Age,* December 28. Special annual supplement on motor transport.

TWELVE MONTHS OF IRON AND STEEL. *Iron Age,* January 2. Annual review issue with forecasts for 1930; charts and statistics.

WHAT RUSSIA IS TRYING TO DO. Sherwood Eddy. *World Tomorrow,* January. A "before and after" description of agricultural Russia—favorable to Soviet principles.

AIRPLANE COMPETITION IN THE WORLD MARKET. *Aero Digest,* January. Annual export number; includes first of a series of articles by Herbert Hoover, Jr.

BRITISH LABOR AND THE SOVIETS. Louis Fischer. *Foreign Affairs,* January. If Great Britain demands what the Soviets may consider an exorbitant price to settle interrelations, Moscow will refuse to pay it, especially in view of the improvement of Soviet-American business and extra-diplomatic relations.

RAILROADS BUILD MODERN PRODUCE TERMINAL AT DETROIT. J. William Moffett. *Railway Age,* December 28. Unusual features are incorporated in new $5,000,000 union facility of the Pennsylvania, Pere Marquette and Wabash—completed in 100 days.

HUMBUGGING THE TAXPAYER. William P. Helm. *Outlook,* January 1. Explaining the paradox of income tax reductions and increased income tax totals.

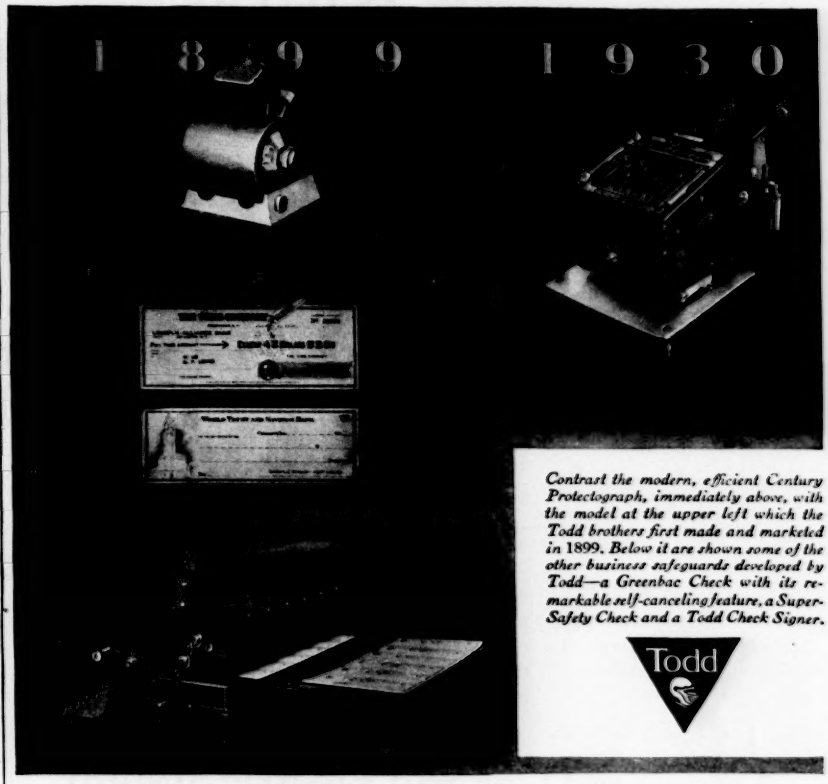
BETTER FUELS FOR BETTER MOTORS. E. H. Hamilton. *Popular Science Monthly,* February. Facts about present-day gasoline every car owner wants to know; how science produces and improves the million barrels consumed daily.

PAST YEAR IN THE FAR EAST. E. A. Eckman. *Commerce Reports,* December 30. Concise, solid review of economic progress in leading countries of Orient. Good basis for hasty review; not sufficiently detailed for export managers.

THE BANK FOR INTERNATIONAL SETTLEMENTS. K. P. VanDerMandele. *Harvard Business Review,* January. A director of Rotterdamsche Bankvereeniging considers the functions of the Young bank as a Central Bank.

31 YEARS AT A SINGLE JOB!

PERFECTING MATERIALS AND DEVICES TO PROTECT FINANCIAL DOCUMENTS AGAINST ALTERATION



Contrast the modern, efficient Century Protectograph, immediately above, with the model at the upper left which the Todd brothers first made and marketed in 1899. Below it are shown some of the other business safeguards developed by Todd—a Greenbac Check with its remarkable self-canceling feature, a Super-Safety Check and a Todd Check Signer.

Todd

JUNE, 1899. In a small wood-shed in Rochester, two men were working to provide protection for a harassed banking world. The raising of bank drafts had become an easy and profitable business. No one could prevent it.

Together, the Todd brothers produced the instrument pictured at the upper left. It employed an entirely new principle, shredding indelible ink into the very fiber of the paper itself. Named "Protectograph," it put an abrupt end to draft-raising. But it could not cover a change in payee's name, or in date and number. And so the Todds went to work again.

Today, Todd offers a service of protection that is complete and versatile. . . . It includes modern Protectographs which write checks and drafts with amazing speed, in words and figures, for exact amounts. . . . It includes Greenbac Checks which cancel themselves at the first attempted alteration. It includes also the new Super-Safety Check Paper, attractive, long-lived, made especially for banks to issue to their depositors. . . . The sole remaining check hazard, forgery of signature and endorsement, is covered by Forgery Bonds, which Todd users receive at substantial reductions.

Supplementing the Todd system, is the Check Signer which signs and stacks checks at the rate of 7500 an hour, relieving important executives from the arduous and time-wasting task of doing it by hand.

To a business world which handles 90-95% of its transactions by check, the safety and efficiency of the Todd service is apparent and important. As the years pass, Todd will continue to better and broaden that service. And the name "Todd" will always signify "protection." The Todd Company, 1124 University Avenue, Rochester, N. Y.

TODD SYSTEM OF CHECK PROTECTION

After Office Hours . . . .

FORTY years ago a great publisher confided to his life-long crony, who was a tobacco merchant, "You know, in these hard times I find my business is better than ever. And I think I know why it is. When people have had a sudden awakening from the sweet dreams of a boom they sit down quietly to think. People cannot do their own thinking. They have to get thinking out of a book. So they stay home and read. Hence they buy books. My business is good in bad times. I think it's unique."

The great tobacconist—it was before the trusts—was amused. "You're mistaken," he replied. "It is interesting but it's not unique. Adversity makes men smoke. Perhaps smoking helps thinking. We think we have the best hard-time trade. I dare say the two go together, reading and smoking. We are in luck."

A canvass last week of some publishers, jobbers, retailers, showed that the old publisher's observation still is sound. Not only are people spending more time and consequently more money on reading, but curiously enough they seem to be preferring better books. The holiday purchasers preferred biography, popular science, history, rather than light fiction. There was a decided falling off in the stuff known to the trade as "sloppy-sexual." A bright increase in "travel" took up the slack.

"It strikes me," said a descendant of the old publisher, "that here as elsewhere we may easily confuse cause with effect. For more than a year people have steadily been getting less foolish in their reading. Perhaps it was the new seriousness of thought which caused the great deflation, rather than the reverse!"

"There are waves in wisdom as in everything else. A wave of common sense may have struck millions of people at once, straightened out their values, inspired a new taste, a taste for the solid comforts of the Sound Era rather than the fabulous, tedious luxuries of the New one."

▼

THIS the Age of Steel? of Electricity? of Research? Nonsense. This is the Age of Indolence. Only a man lazy by inheritance, environment and training can fully enjoy the benefits of the time. We know. And now, thanks to a Swiss genius, one of our few remaining burdensome jobs—that of opening the garage doors—is eliminated. As soon as we get the aerial installed on the garage room and the necessary gadgets placed in the car we simply press a button and, presto! the doors open and we sail on in without even changing gears. Now for an automatic shoe lacer.

▼

A RETAIL credit association in a community of 70,000 reports considerable satisfaction with its policy, which is: Facts, not opinions. Inquiries handled daily average 55. No ratings, such as, A, AA, or "Slow Pay," are on record. For such ratings are opinions, not facts. When a merchant calls concerning a prospective account, he is told the actual credit experience of other stores within 60 days past: "A department store reports credit as high as $130, average 45 days payment; a hardware store reports —", and so on. If information less than 60 days old is not available, the inquiring merchant is given the choice of accepting older information or waiting until new facts can be secured.

▼

CHICAGO is chronically broke in December. A big snow came just before Christmas. There was no money to shovel it from streets and alleys. Just enough cash to clear the Loop was scraped together. Estimated loss of business by the slowing up which resulted was $500,000 a day.

Associated Gas and Electric System

The largest earth dam in the world, part of an extensive Associated hydro-electric development, near Columbia, South Carolina, as it will appear when completed this year.

Record of Achievement

Years of service	78
Total customers	1,270,000
*Gross income	$99,883,505
Increase over previous year	10.6%
*Net earnings	$50,140,602
Increase over previous year	16.8%
Total assets	$1,000,000,000

**All properties 12 months ended November 30, 1929.*

Associated Gas and Electric Company

Write for investment circular BW1-30

61 Broadway **New York City**

ELECTRIC EYES *now* continuously *reproduce, inside the engine cab, the signals set miles ahead . . .*

MILE AFTER MILE over the Pennsylvania's giant system, automatic signal lights are placed... safely guiding the swift flyers of the rails.

Now a new device has been perfected by Pennsylvania engineers and is being extensively installed... Electric cab signals which reproduce inside the engine cab the lights of the signals ahead. Two miniature sets of signal dials shine directly in front of both the engineman and the fireman, on their respective sides of the cab.

These lights shine day and night through every minute of the run and are *instantly* and *continuously* responsive to every change in the signals ahead. And with every change to an unfavorable signal, a warning whistle sounds which keeps blowing until acknowledged by the engineman.

Thus the skill of trained men in the cab and the mechanical perfection of the most modern devices will be combined to insure the safety of Pennsylvania patrons. Read the official announcement at right.

The Pennsylvania Railroad makes an important announcement to the traveling public

THE Pennsylvania Railroad will complete this year the most extensive improvements in automatic signal installations ever undertaken by an American railroad.

The whole program, involving an expenditure of more than $16,000,000, represents an important advance in the art of railroad transportation from the standpoint of both public safety and operating efficiency.

Three principal results will be effected by the new installations:

1. By the end of this year, the Pennsylvania Railroad's main line tracks, over which its fleet of blue ribbon trains operates between the Atlantic Seaboard and the Mississippi River, connecting New York, Philadelphia, Baltimore, Washington, Pittsburgh, Cleveland, Detroit, Chicago, Columbus, Cincinnati, Indianapolis and St. Louis will have the most modern automatic signal devices known to railroad engineers.

2. Between New York, Philadelphia, Baltimore, and Washington, the line will be equipped with a continuous cab signal system. This is the device referred to by the Interstate Commerce Commission in its last report on automatic train control devices in which it said: "the development of cab signals of the type now in use on the Pennsylvania appears to be an important step forward in the art of signaling and worthy of special attention."

3. The coming year will find the Pennsylvania embarked upon a program to extend its continuous cab signals westward over its main lines.

THESE installations will round out a program of increased train protection which supplements expenditures of many millions of dollars in recent years for all-steel passenger cars, heavier rail, grade crossing removals, automatic warning devices at grade crossings and bridge renewals . . . Of course, all passenger trains on the Pennsylvania Railroad System have had block signal protection on all of the Company's 16,000 miles of running track for many years.

NO phase of the present program is quite as significant as the installation of the continuous cab signals in all trains operating between New York, Philadelphia, Baltimore and Washington . . . This modern development in the art of railroad signaling has been perfected by the Pennsylvania Railroad through research and experimental work and has been incorporated into the automatic train control installations already established at the Interstate Commerce Commission's direction.

The Pennsylvania Railroad management, while complying with the Commission's orders on five divisions, maintains that no substitute can be found for the personal responsibility of the men operating the locomotive and that the best safety devices are those which afford the greatest degree of dependable assistance in enabling the enginemen and firemen to discharge their responsibility.

This is accomplished by the continuous cab signals with whistle and acknowledger...

PENNSYLVANIA RAILROAD

Carries more passengers, hauls more freight than any other railroad in America

FOR WEEK ENDING JANUARY 11, 1930
EDITORIAL
THE BUSINESS WEEK
A McGRAW-HILL PUBLICATION

A Needed Bridge for Business

• THE BUSINESS WEEK made in its last issue the suggestion that regional councils could do as much for the other sections of the country as the New England Council has accomplished.

Response has been prompt and gratifying. Copies of the issue have been in readers' hands only a few days as this is written, but already a considerable number of letters from influential business men have indicated keen interest, and general approval.

Particularly is the Southeast responsive. This is not surprising. The Southeast has made industrial history in recent years. Developing from an agricultural to an industrial region, it has encountered problems new to its leaders. It is strongly conscious of the natural forces that bind it together as a unit, apart from others, and Southern industrialists probably had been thinking themselves that a regional council was logical and almost inevitable.

It is gratifying to note that our correspondents do not approach the plan as an emergency, or crisis-born measure. The present business situation, no doubt, creates an atmosphere favorable for any plan promising to promote economic welfare, and serves to focus attention on weak spots. But everyone, apparently, sees at once that the real value of regional councils would be their continuing work over a course of years.

The regional council is not an experiment. It has stood the test of several years of work in an area which had the most pressing and difficult problems to solve. It has been unqualifiedly successful. New England is behind the Council with a unanimity and an enthusiasm that is something new in a section that is a stronghold of conservatism and individualism.

The greatest achievements of regional councils will never be reducible to statistics or portrayable in graphs. The great things accomplished will be the intangible—the creation of a new spirit. That does not mean, however, that there are not specific jobs to be done. There are many and great ones—problems to be solved that cannot be attacked by local action, that are not properly the concern of national organizations.

Every American city has a chamber of commerce or its equivalent. Almost without exception, these are alert, active, doing valuable work in their field. American business has strong national organizations—the United States Chamber of Commerce, the trade associations, others. From city-wide, or even state-wide to nation-wide organization is a long span. Regional councils, set up according to natural economic boundaries, would bridge the gap.

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